MT LEGISLATIVE HISTORY

Chapter 593 1983

Bill H _____ S 107 Original bill & hist. ✓ C

H. Committee on Human Serv. S. Committee on Bus. Ind

Hearing Date(s)	C	Hearing Date(s)	C
3/9	✓ C	1/26	✓ C
	C	2/3	✓ C
	C		C
Date Out 3/14	✓ C	2/3	✓ C

Did this bill originate in an interim committee? ___Yes ___No

Committee _____ Report _____

2ND READING: 03/03/83, BE CONCURRED IN AYES: 53; NAYS: 41
3RD READING: 03/04/83, BE NOT CONCURRED IN AYES: 48; NAYS: 48

RETURNED TO SENATE: 03/05/83

RETURNED TO HOUSE FOR FURTHER CONSIDERATION 3/7/83
3RD READING: 03/07/83, BE CONCURRED IN AYES: 57; NAYS: 41

RETURNED TO SENATE: 3/7/83

TRANSMITTED TO GOVERNOR: 03/14/83
SIGNED: 03/19/83, CHAPTER 143

SB 104 -- KEATING, GOODOVER, C. SMITH, ET AL. -- TO ESTABLISH A SELF-GOVERNING BOARD FOR REGULATION AND LICENSURE OF EMPLOYMENT AGENCIES ....

INTRODUCED: 01/11/83
REFERRED TO COMMITTEE ON STATE ADMINISTRATION: 01/11/83
HEARING: 1/18/83
REPORT: 1/31/83, DO NOT PASS. REPORT ADOPTED.
BILL KILLED.

SB 105 -- KEATING, C. SMITH -- TO BASE THE FEE CHARGED BY AN EMPLOYMENT AGENCY UPON AN APPLICANT'S PROJECTED INCOME ....

INTRODUCED: 01/11/83
REFERRED TO COMMITTEE ON BUSINESS & INDUSTRY: 01/11/83
HEARING: 1/28/83
REPORT: 02/01/83, DO NOT PASS. REPORT ADOPTED.
BILL KILLED.

SB 106 -- BLAYLOCK -- TO INCREASE THE PENALTIES FOR OVERWEIGHT VEHICLES ....
BY REQUEST OF: THE DEPARTMENT OF HIGHWAYS

INTRODUCED: 01/11/83
REFERRED TO COMMITTEE ON HIGHWAYS & TRANSPORTATION: 01/11/83
HEARING: 1/18/83
REPORT: 01/26/83, DO PASS, AS AMENDED
2ND READING: 01/28/83 AYES: 46; NAYS: 0
3RD READING: 01/31/83 AYES: 42; NAYS: 7

TRANSMITTED TO HOUSE: 1/31/83
REFERRED TO COMMITTEE ON HIGHWAYS & TRANSPORTATION: 02/01/83
HEARING: 3/1/83
REPORT: 03/02/83, BE CONCURRED IN
REREFERRED TO COMMITTEE ON APPROPRIATIONS: 03/03/83
HEARING: 4/7/83
REPORT: 04/07/83, BE CONCURRED IN
2ND READING: 04/08/83, BE CONCURRED IN AYES: 89; NAYS: 7
3RD READING: 04/11/83, BE CONCURRED IN AYES: 70; NAYS: 10

RETURNED TO SENATE: 4/11/83

TRANSMITTED TO GOVERNOR: 04/15/83
SIGNED: 04/20/83, CHAPTER 601

SB 107 -- BLAYLOCK, SCHYE, MC BRIDE, ET AL. -- TO PROVIDE FOR BASIC LEVELS OF

BENEFITS UNDER DISABILITY INSURANCE POLICIES AND CONTRACTS FOR THE CARE AND TREATMENT OF MENTAL ILLNESS, ALCOHOLISM, AND DRUG ADDICTION ....

INTRODUCED: 01/11/83
REFERRED TO COMMITTEE ON BUSINESS & INDUSTRY: 01/20/83
HEARING: 1/26/83
REPORT: 02/07/83, DO PASS, AS AMENDED
2ND READING: 02/09/83 AYES: 31; NAYS: 18
3RD READING: 02/11/83 AYES: 34; NAYS: 13

TRANSMITTED TO HOUSE: 2/11/83
REFERRED TO COMMITTEE ON HUMAN SERVICES: 02/12/83
HEARING: 3/9/83
REPORT: 03/15/83, BE CONCURRED IN, AS AMENDED
2ND READING: 03/22/83, BE CONCURRED IN, AS AMENDED AYES: 70; NAYS: 5
3RD READING: 03/25/83, BE CONCURRED IN AYES: 85; NAYS: 9

RETURNED TO SENATE WITH AMENDMENTS: 3/25/83
2ND READING: 04/07/83, BE NOT CONCURRED IN AYES: 25; NAYS: 23
ON MOTION, 4/7/83, THAT THE BILL BE SEGREGATED FROM THE COMMITTEE OF THE WHOLE REPORT. MOTION PASSED.
2ND READING: 04/08/83 AYES: 44; NAYS: 4
3RD READING: 04/11/83 AYES: 46; NAYS: 3

TRANSMITTED TO GOVERNOR: 04/15/83
SIGNED: 04/20/83, CHAPTER 593

SB 108 -- BOB BROWN -- TO CHANGE THE METALLIFEROUS MINES LICENSE TAX ANNUAL REPORTING REQUIREMENT TO A QUARTERLY REPORTING REQUIREMENT; ... AND PROVIDING AN APPLICABILITY DATE.
BY REQUEST OF: THE REVENUE OVERSIGHT COMMITTEE

INTRODUCED: 01/11/83
REFERRED TO COMMITTEE ON TAXATION: 01/11/83
HEARING: 2/12/83
REPORT: 02/17/83, DO PASS, AS AMENDED
2ND READING: 02/19/83 AYES: 48; NAYS: 0
3RD READING: 02/22/83 AYES: 43; NAYS: 6

TRANSMITTED TO HOUSE: 02/22/83
REFERRED TO COMMITTEE ON TAXATION: 02/28/83
HEARING: 3/10/83
REPORT: 03/11/83, BE CONCURRED IN
2ND READING: 03/12/83, BE CONCURRED IN AYES: 87; NAYS: 2
3RD READING: 03/14/83, BE CONCURRED IN AYES: 92; NAYS: 6

RETURNED TO SENATE: 3/14/83

TRANSMITTED TO GOVERNOR: 03/21/83
SIGNED: 3/25/83, CHAPTER 227

SB 109 -- TOWE, FABREGA -- TO REVISE THE LAW RELATING TO ENFORCEMENT OF SUPPORT ....

INTRODUCED: 01/12/83
REFERRED TO COMMITTEE ON JUDICIARY: 01/12/83
HEARING: 1/19/83
REPORT: 01/24/83, DO NOT PASS. REPORT ADOPTED.

SENATE BILL NO. 107

INTRODUCED BY BLAYLOCK, SCHYE, MCBRIDE, BACHINI, PECK, HARPER, IVERSON, HAZELBAKER, FULLER, JACOBSON, OCHSNER, LYNCH, LANE

IN THE SENATE

January 11, 1983	Introduced and referred to Committee on Business and Industry.
February 7, 1983	Committee recommend bill do pass as amended. Report adopted.
February 8, 1983	Bill printed and placed on members' desks.
February 9, 1983	Second reading, do pass.
February 10, 1983	Correctly engrossed.
February 11, 1983	Third reading, passed. Ayes, 34; Noes, 13. Transmitted to House.

IN THE HOUSE

February 12, 1983	Introduced and referred to Committee on Human Services.
March 15, 1983	Committee recommend bill be concurred in as amended. Report adopted.
March 19, 1983	Motion pass consideration until 65th Legislative Day.
March 22, 1983	Second reading, Committee of the Whole amendments adopted.
	Second reading, pass consideration.

March 23, 1983	Second reading, concurred in as amended.
March 25, 1983	Third reading, concurred in.

IN THE SENATE

March 26, 1983	Returned to Senate with amendments.
April 7, 1983	Second reading, amendments not concurred in. Ayes, 25; Noes, 23.
	On motion, segregated from report of Committee of the Whole and placed on second reading next Legislative Day.
April 8, 1983	Second reading, amendments concurred in. Ayes, 44; Noes, 4.
April 11, 1983	Third reading, amendments concurred in. Ayes, 46; Noes, 3.
	Sent to enrolling.
	Reported correctly enrolled.

Senate BILL NO. 107

INTRODUCED BY Chet Blaylock Ed Schodde McBride
Bachini Beck Stapp Juneau Hallbach Fuller
F Jacobson Don Ochenski Smith Lee Love

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR BASIC LEVELS OF BENEFITS UNDER DISABILITY INSURANCE POLICIES AND CONTRACTS FOR THE CARE AND TREATMENT OF MENTAL ILLNESS, ALCOHOLISM, AND DRUG ADDICTION; AMENDING SECTIONS 33-22-701 THROUGH 33-22-704, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 33-22-701, MCA, is amended to read:

"33-22-701. Purpose Scope of part -- purpose. ~~The purpose of this part is to encourage consumers to avail themselves of basic levels of benefits under health insurance policies and contracts~~ provisions of this part apply to all policies of accident and health insurance and subscriber contracts offered in Montana by insurers and health service corporations for the care and treatment of mental illness, alcoholism, and drug addiction. ~~and~~ It is the purpose of this part to preserve the rights of the consumer to ~~select~~ have such coverage according to his medical and economic needs."

Section 2. Section 33-22-702, MCA, is amended to read:

"33-22-702. Definitions. For purposes of this part, the following definitions apply:

(1) "Inpatient hospital benefits" means benefits payable for charges made by a hospital, as defined in the policy or contract, for the necessary care and treatment of mental illness, alcoholism, or drug addiction furnished to a covered person while confined as a hospital inpatient and, with respect to major medical policies or contracts, also includes those benefits payable for charges made by a physician, as defined in the policy or contract, for the necessary care and treatment of mental illness, alcoholism, or drug addiction furnished to a covered person while confined as a hospital inpatient.

(2) "Outpatient benefits" means benefits payable for:

(a) reasonable charges made by a hospital for the necessary care and treatment of mental illness, alcoholism, or drug addiction furnished to a covered person while not confined as a hospital inpatient;

(b) reasonable charges for services rendered or prescribed by a physician for the necessary care and treatment for mental illness, alcoholism, or drug addiction furnished to a covered person while not confined as a hospital inpatient; and

(c) reasonable charges made by a mental health, alcoholism, or drug addiction treatment center for the necessary care and treatment of a covered person provided in the treatment center; and

INTRODUCED BILL

(d) reasonable charges for services rendered by a licensed psychiatrist, psychologist, or social worker.

(3) "Alcoholism treatment center" and "drug addiction treatment center" mean a treatment facility which provides a program for the treatment of alcoholism or drug addiction pursuant to a written treatment plan approved and monitored by a ~~physician~~ chemical dependence counselor certified by the state, and which facility is also:

(a) affiliated with a hospital under a contractual agreement with an established system for patient referral; or

(b) licensed, certified, or approved as an alcoholism or drug addiction treatment center by the state.

(4) "Mental health treatment center" means a treatment facility organized to provide care and treatment for mental illness through multiple modalities or techniques pursuant to a written treatment plan approved and monitored by an interdisciplinary team, including a licensed physician, psychiatric social worker, and psychologist, and which facility is also:

(a) licensed as a mental health treatment center by the state;

(b) funded or eligible for funding under federal or state law; or

(c) affiliated with a hospital under a contractual

agreement with an established system for patient referral.

(5) "Mental illness" means neurosis, psychoneurosis, psychopathy, psychosis, or personality disorder."

Section 3. Section 33-22-703, MCA, is amended to read:

"33-22-703. ~~Availability--of--coverage~~ Coverage for mental illness, alcoholism, and drug addiction. Insurers and health service corporations transacting group or individual health insurance or group or individual health plans in this state ~~must make available~~ shall provide, under hospital and medical expenses incurred insurance policies and under hospital and medical service plan contracts, the level of benefits specified in this section for the necessary care and treatment of mental illness, alcoholism, and drug addiction subject to the right of the applicant ~~for a group or individual policy or contract to reject the coverage or~~ to select any alternative level of benefits above the minimum level of benefits described in subsections (2)(a) and (2)(b) as may be offered by the insurer or service plan corporation:

(1) ~~Under~~ under basic hospital expense policies or contracts, inpatient hospital benefits consisting of durational limits, dollar limits, deductibles, and coinsurance factors that are not less favorable than for physical illness generally, except that benefits may be limited to not less than 30 calendar days per year as

defined in the policy or contract~~;~~.

(2) ~~Under~~ under major medical policies or contracts, inpatient hospital benefits and outpatient benefits consisting of durational limits, dollar limits, deductibles, and coinsurance factors that are not less favorable than for physical illness generally, except that:

(a) inpatient hospital benefits may be limited to no less than 30 calendar days per year as defined in the policy or contract. If inpatient hospital benefits are provided beyond 30 calendar days per year, the durational limits, dollar limits, deductibles, and coinsurance factors applicable thereto need not be the same as applicable to physical illness generally.

(b) for outpatient benefits, the coinsurance factor may not exceed ~~50%~~ 20% or the coinsurance factor applicable for physical illness generally, whichever is greater, and the maximum benefit for mental illness, alcoholism, and drug addiction in the aggregate during any applicable benefit period may be limited to not less than ~~$1,000~~ $1,500~~;~~.

(c) maximum lifetime benefits ~~may~~ shall, for mental illness, alcoholism, and drug addiction in the aggregate, be no less than those applicable to physical illness generally ~~an amount equal to the lesser of $10,000 or 25% of the lifetime policy limit~~."

Section 4. Section 33-22-704, MCA, is amended to read:

"33-22-704. Applicability. (1) Except as provided in ~~subsection~~ subsections (2) and (3), this part applies to policies or contracts delivered or issued for delivery in this state more than 120 days after July 1, 1979, but does not apply to blanket, short term travel, accident only, limited or specified disease, individual conversion policies or contracts, or to policies or contracts designed for issuance to persons eligible for coverage under Title XVIII of the Social Security Act, known as medicare, or any other similar coverage under state or federal governmental plans.

(2) With respect to mental illness, this part applies to policies or contracts delivered or issued for delivery in this state after January 29, 1982.

(3) [This act] applies to policies or contracts delivered or issued for delivery in this state after December 31, 1984, but does not apply to blanket, short-term travel, accident only, limited or specified disease, or policies or contracts designed for issuance to persons eligible for coverage under Title XVIII of the Social Security Act, known as medicare, or any other similar coverage under state or federal governmental plans."

-End-

48th LEGISLATIVE SESSION

COMMITTEE ON BUSINESS AND INDUSTRY

SENATE BILL NO.	ENTERED COMM.	DATE CONSIDERED	OUT OF COMM.	DO PASS DATE	DO NOT PASS DATE	DO PASS AS AMEND. DATE	BE CONCURRED IN DATE	BE CONC. IN AS AMENDED DATE	BE NOT CONCURRED IN DATE
SB 11	1-3-83	1-24-83	1-24-83			1-24-83			
SB 53	1-3-83	1-7-83	1-10-83	1-10-83					
SB 54	1-3-83	1-7-83	1-10-83		1-10-83				
Returned SB 54	1-10-83	1-19-83	1-19-83	T A B L E D					
SB 62	1-6-83	1-14-83 1-19-83	1-19-83	1-19-83					
Returned SB 62	1-21-83	1-28-83 1-31-83	1-31-83			1-31-83			
SB 75	1-6-83	1-14-83	1-14-83	1-14-83					
SB 84	1-10-83	1-26-83 2-11-83	2-11-83			2-11-83			
SB 103	1-12-83	1-21-83 1-31-83	1-31-83	1-31-83					
SB 105	1-12-83	1-28-83 1-31-83	1-31-83		1-31-83				
SB 107	1-12-83	1-26-83 2-3-83	2-3-83			2-3-83			
SB 117	1-12-83	1-24-83	1-24-83	1-24-83					
SB 120	1-12-83	2-9-83	2-9-83	2-9-83					
SB 125	1-12-83	1-19-83 1-24-83	1-24-83	1-24-83					
SB 128	1-14-83	1-21-83	1-21-83	1-21-83					
SB 144	1-14-83	2-7-83	2-7-83	2-7-83					

Use a separate sheet for Senate, House Bills, and Resolutions.

MINUTES OF THE MEETING
BUSINESS AND INDUSTRY COMMITTEE
MONTANA STATE SENATE

January 26, 1983

The meeting of the Business and Industry Committee was called to order by Chairman Allen C. Kolstad on January 26, 1983, at 10:30 a.m., in Room 404, State Capitol.

ROLL CALL: All members of the Committee were present.

CONSIDERATION OF SENATE BILL 84: Senator Frank Hazelbaker, sponsor of the bill, stated after visiting with various small utility companies over the state, they found they were having tremendous costs when they had to pay for utility lines that had to be raised or lowered to allow oversize structures to move on the roadways. The bill was drafted so that the person owning the structures would have to pay the cost to remove and replace the utility lines.

PROPONENTS TO SENATE BILL 84: J. T. Downing, General Manager, Montana Associated Utilities stated he supported this bill. His testimony is attached to the minutes. (Exhibit No. 1)

Bob Quinn, Montana Power Company, stated he has appeared on this bill since its inception. They are in favor of the concept. He mentioned the big tanks which were constructed in Stevensville and had to be moved to Colstrip. He feels their customers should not have to subsidize house movers by paying their expenses.

Gene Phillips, Pacific Power and Light, stated he supported this bill.

Mike Fitzgerald, Montana Trade Commission, stated they supported the bill because it is a sensible, reasonable and fair approach.

Philip Johannes, Yellowstone Valley Electric Co-Op, Huntley, Montana, stated they supported the bill. His testimony is attached to the minutes. (Exhibit No. 2)

Terry Murphy, Montana Farmers Union, stated he also supported the bill.

Burl Winchester, Montana Associated Utilities and Reid and Associates, stated he supported the bill. He referred to a statewide survey conducted by Reid & Associates entitled "What Montanans Think About Montana State Law". Reid & Associates (a Spokane based research firm) surveyed one out of every 57th Montanan specifically on the issue of who should rightly bear the cost of raising and adjusting service lines for the moving of unusually high structures through the road right-of-way. The 1929 (existing) law was quoted in the questionnaire. 88.62% of all Montanans said the cost causer and those who contract for the move should pay the direct costs. 92.8% said it was time to enact new legislation so that the cost causer and those primarily benefitting pay the direct costs involved. 77% of those who reported being involved themselves in moves requiring the raising of lines said the consumer should not have to pay the costs and the 1929 law needs to be replaced. He feels those who

Senate Bill 107 - 1983

Senator Regan asked what is the heighth of the average structure that you move? Mr. Zion stated it averages about 24' on the truck.

Senator Severson asked what does the code say in regard to the heighth of the wire? The response was it varies from 18' and up.

Senator Gage asked if this bill were to pass, would the utility companies be reducing their labor force? Mr. Hanson stated no.

Senator Lee asked Montana Power and Mountain Bell, could you tell us since 1929 how much you have paid the state for easements across roadways and highways? Mr. Quinn stated he did not have any figures. The right-of-way infringement generally is on a fee system which they pay only once.

Senator Severson stated there has been a compromise suggested by the house movers that they would pay for anything over 24' and the utilities would pay for anything under. Could Montana Power specify a time that it would take to do this? Mr. Quinn stated he would guess the main heighth of 24' would be right at the borderline and anything below that would be too low. In general, they use 35' poles so if you put that pole 5' in the ground it leaves only 30'.

Senator Regan stated she was interested in knowing what other states have done in addressing this problem. How many states require the movers to pay? Mr. Browning stated 48. Senator Regan asked how many states require the utilities to pay? Mr. Browning stated two. Montana and Massachussets. Senator Regan asked how many is there a compromise? Mr. Browning stated Massachussets has somewhat of a compromise law.

Mr. Zion stated he has laws from all over the United States and many of the states have no law like we have controlling wire rights. It is simply one of those things that power companies started charging and no one contested.

In closing, Senator Hazelbaker stated the mail they have been receiving is not from the big utilities that are concerned, it is the smaller ones that are mostly affected. This bill is directed to the people that own the structures.

There being no further questions from the Committee, the hearing on Senate Bill 84 was closed.

CONSIDERATION OF SENATE BILL 107: Chet Blaylock, sponsor of the bill, handed the Committee proposed amendments to Senate Bill 107, and explained these amendments. (Exhibit No. 7) What this bill does is provide for third party payment for the people and what they would like to do is put alcoholism and drug addiction under the insurance policies so that people could be covered.

PROPONENTS TO SENATE BILL 107: Harold Gerke, Montana Council of Community Mental Health Center, stated he supported Senate Bill 107.

Joanne Hall Salina, State Council of Community Mental Health Boards, Inc., stated she supported this bill. Her testimony is attached to the minutes. (Exhibit No. 8)

Stephen Shumate, Alcohol Programs of Montana, stated he supported this bill. His testimony is attached to the minutes. (Exhibit No. 9)

Roger Tippy, representing the Montana Beer and Wine Wholesalers Association, stated he also supported this bill. His testimony is attached to the minutes. (Exhibit No. 10)

David Campbell, Rimrock Foundation, stated he supported this bill. His testimony is attached to the minutes. (Exhibit No. 11)

David A. Brunelle, Deaconness Hospital, stated he supported Senate Bill 107 in its entirety.

Ann H. Scott stated she is a member of a group that are starting a for profit alcohol treatment center in Great Falls. She feels that free standing impatient facilities should receive third party payments. It provides the alcoholic patients with the wide variety of care that is needed. There is a place for treatments in hospitals but there are cases where this can be done in the free standing impatient facility. She supported this bill.

John Nesbo, Montana Council of Community Mental Health Centers, Inc., stated he supported this bill.

OPPONENTS TO SENATE BILL 107: Allen Cain, representing MPS and Blue Shield stated they oppose this bill. His testimony is attached to the minutes. (Exhibit No. 12)

James T. Harrison, representing Blue Cross, stated they are not going to write policies at a loss. People out of work in the western part of the state, those group coverages are now being overutilized. As those people anticipate the end of their coverage there is an overutilization. This results in losses. These people cannot afford to have their premiums go up. If they fall off the wagon they will say no they cannot afford it. We are going to be funding them with welfare or something else. It would be nice to have cradle to the grave insurance that does not cost one dime. Can we make that kind of policy and make it so that it is affordable?

Marvin Torgerson, Aluminum Workers, Columbia Falls, stated they have a group insurance for their fellow employees. Their insurance costs are going up every month. They have a negative amount of money to pay these costs. They need flexibility to take care of

out some items in the bill. He stated they are opposed to this bill.

Ron Sunsted, Chief Labor Relations and Employment State Bureau, Department of Administration, stated they opposed this bill. His testimony is attached to the minutes. (Exhibit No. 13)

Glen L. Drake, Health Insurance Association of America, stated this bill is an anti-consumer bill. Insurance, like anyother consumer product, should be encouraged to allow the consumer to choose what he wants and to reject that which he does not want. This bill would mandate that all persons buying insurance must purchase coverage for treatment for alcoholism, drug addiction and mental illness. This will drive up costs. This bill will ultimately cause many people most in need of insurance to be priced out of the market.

Elmer Hoskins, stated he opposed this bill on the premise that it is an anti-consumer bill.

Ben Hardahl, Montana Motor Carriers Association, stated they opposed this bill. They have their own trustees that are established to determine the coverage that the plans will contain. This year they had rate increases and they are opposed to mandated coverage that would further increase their rates.

QUESTIONS FROM THE COMMITTEE:
Senator Regan stated there was reference made to social workers. Can any social worker receive payment under this bill? Mr. Briggs stated the bill is designed to reimburse only licensed psychiatric social workers.

Senator Goodover stated he received a call from a party that has a Masters in psychology and psychiatric work and never felt the need to get a PHD. Mr. Briggs stated presently the psychologists must be PHDs.

Senator Gage stated there are provisions in some states that allows the policyholder to determine what coverage he wants. Mr. Cain stated if this bill passes the benefits would be in the plan.

Senator Goodover asked Ann Scott that she indicated that she is going to form a profit organization in Great Falls. Would this mean there would be a prolification of profit around the state? Ann Scott stated profit institutions have been increasing. The need is so great. The important thing to realize is anytime you have an increase you do not necessarily have an increase in the costs.

Senator Regan stated I remember when we mandated coverage to the newborn infant. That is something you did not want us to do. There has not been any great rise in these rates. Mr. Harrison stated if we did run those figures they would find that newborn

cost is expensive. He feels if we raise it anymore they will not be able to carry insurance anymore.

In closing, Senator Blaylock stated Mr. Harrison repeatedly in his speech talked about falling off the wagon. They do have more than their share of alcoholism in this state. 10 million nationally. No matter how small a town is in Montana there will be a post office and a bar. To continue to discriminate against these people and not be able to cover them is ignoring them.

There being no further questions from the Committee, the hearing was closed on Senate Bill 107.

ADJOURN: There being no further business, the meeting adjourned at 12:55 p.m.

ALLEN C. KOLSTAD, CHAIRMAN

mf

SUBMITTED BY: Senator Chet Blaylock
January 26, 1983
EXHIBIT NO. 7

PROPOSED AMENDMENTS FOR SB 107

Page 2, line 2.
Following: " hospital"
Insert: or free standing inpatient facility

Page 2, line 5.
Following: "a"
Strike: hospital

Page 3, line 7.
Following: "chemical"
Strike: dependence
Insert: dependency

Page 3, line 12.
Following: "licensed,"
Strike: certified,

Page 3, line 13.
Following: "the"
Insert: alcohol authority of the

Page 4, line 20.
Following: "basic"
Strike: hospital
Insert: inpatient

Page 5, line 3.
Following: "inpatient"
Strike: hospital

Page 5, line 7.
Following: "inpatient"
Strike: hospital

Page 5, line 9.
Following: "inpatient"
Strike: hospital

SUBMITTED BY: Joanne Hall Salina
January 26, 1983
EXHIBIT NO. 8

TESTIMONY IN SUPPORT OF SB-107

BY THE STATE COUNCIL OF COMMUNITY MENTAL HEALTH BOARDS, INC.

Historically, Montanans have had inadequate insurance coverage for mental illness. While insurance coverage for physical illness has kept pace with developments in medical care, this is not the case for mental health care. Insurance companies have imposed many limitations on mental health treatment, including higher deductibles, higher co-payments and fewer services which are covered.

Physicians often refer patients to mental health centers as an alternative to costly hospitalization. Although outpatient services provided by a mental health center are less costly than hospital care, insurance companies usually do not pay for them, or will pay only at a greatly reduced level because of limitations in their policies. This forces many patients to seek more costly and sometimes unnecessary hospitalization because their insurance will pay.

Some insurance plans have provided equitable coverage for mental illness. In many cases, the result has been a reduction in medical usage and costs. The reason for this is that between 35 to 50% of the patients who go to a physician have symptoms due wholly or in part to emotional factors. For example, the University of Washington Health Service found a 41% reduction in the use of outpatient medical services by individuals receiving mental health care. Researchers Jones and Vischi reviewed 13 insurance plans and found decreased medical usage in 12 of the 13 when mental health care was insured. Reductions in usage ranged from 5 % to 85 % with an average reduction of 20%. Blue Cross of Western Pennsylvania instituted mental health benefits and reduced the monthly cost per patient by 50%.

Ten states have guaranteed insurance benefits for mental illness. We contacted those states through the Montana Insurance Commissioner's office to request information about the effects on premiums and health care costs. They reported a lack of good evidence on how general health costs have been affected. Some states did give us specific information on premiums. The increase in premiums was generally modest and ranged from 17 cents to about 50 cents per person per month.

In some states which have passed similar legislation, insurance payments to mental health centers increased dramatically. In New Hampshire, insurance payments to mental health centers increased 100% from 1977 to 1980.

This legislation should, in the future, decrease mental health centers' dependence on State tax dollars, stabilize health costs and ensure the availability of quality mental health care for all Montanans.

SUBMITTED BY: Stephen Shumate
January 26, 1983
EXHIBIT NO. 9

TESTIMONY IN SUPPORT OF SB-107

REQUIRING HEALTH INSURANCE COVERAGE FOR

ALCOHOL & DRUG ABUSE TREATMENT

It's strange...if someone in your family has heart disease or diabetes, you can count on your health insurance to cover treatment costs. Your insurance will pay for any treatment needed to reduce the impact of the disease, and it will probably pay for a variety of other services needed to help you and your loved-ones regain a reasonably normal life.

But if your family is troubled by alcoholism or drug abuse, you can't count on your insurance to help - at least in Montana. It may pay for a limited stay in the hospital, if you have reached the point that you must have acute medical care. But your policy probably won't pay for any follow-up outpatient treatment and most won't pay a nickel for an alcoholism counselor to help on the difficult road back from alcoholism to a normal life. Why?

Certainly not because alcoholism and drug abuse aren't significant health problems. In fact, substance abuse is the third worst severe health problem in the country. Nearly 100,000 Montana citizens struggle with alcohol and drug problems. Alcohol and drugs are involved in domestic violence, child abuse and divorce. They destroy families, undermine job performance, maim people on our highways and, according to the American Hospital Association, are at least a part of the problem in a third of all general admissions to hospitals. Put a dollar estimate on the size of Montana's alcohol and drug problem and the figure approaches $200,000,000 - each year - in lost work production, health and welfare costs, property damage, accidents and medical expenses. And that doesn't begin to count the human costs of broken homes, ruined careers and personal anguish.

Is it because substance abuse is a "self-inflicted" condition?

If so, it is hard to understand why most health insurance covers pregnancies or suicide attempts. For many people both of these conditions would be classed as "acts of free will" and therefore would be self-caused. Lung cancer is caused primarily by cigarette smoking; many traffic injuries by a decision or habit of not "buckling up." Why should alcoholism or drug abuse be singled out for exclusion on that basis when so many other health problems are covered?

Is it the cost of the coverage?

Not really. Fourteen other states require insurance companies to cover substance abuse treatment costs, and they have been able to do so quite economically. California's pilot program provided alcoholism coverage at a little over $2.00 annually per policy and other programs are providing coverage at between $2.00 and $8.00 annually. The Kemper Insurance Company expanded coverage in 1973 for alcoholism at no cost to policy holders. So did Employers of Wausau.

Why is it then?

Montana is playing "catch-up" when the question of requiring coverage for alcoholism and drug abuse is raised. Practical out-patient and residential treatment are available and at much less cost than hospitalization. There is no need any longer to put up with the costly and frustrating "revolving door" in which an alcoholic

or drug abuser goes through detoxification again and again with no follow-up treatment because his insurance only covers actual hospital care.

The trouble is that Montana is behind. We are behind Ohio, Illinois, Wisconsin, Minnesota and other states. We think you will agree that it's high time Montana required your health insurance policy to cover alcoholism and substance abuse as well as it does other diseases.

By:

Alcoholism Programs of Montana

SUBMITTED BY: Roger Tippy
January 26, 1983
EXHIBIT NO. 10

WITNESS STATEMENT

NAME Roger Tippy BILL No. SB107

ADDRESS Arcade Building
111 N. Main, Helena, Montana DATE January 26, 1983

WHOM DO YOU REPRESENT Montana Beer & Wine Wholesalers Association

SUPPORT X OPPOSE AMEND

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments: The distributors of beer and wine believe alcoholism treatment programs need a broader revenue base than they currently have. The programs are too dependent upon tax revenue from sales of alcoholic beverages. A program of increased efforts to collect client fees for services and third party reimbursement for services will broaden that revenue base. SB107 will extend coverage of alcoholism problems in health insurance policies, and we therefore support the bill.

FORM CS-34
1-81

SUBMITTED BY: Dave Campbell
January 26, 1983
EXHIBIT NO. 11

RIMROCK FOUNDATION
PO Box 30374
Billings, MT 59107

January 25, 1983

Presented by: Dave Campbell

MEMBERS OF THE COMMITTEE:

The intent of Senate Bill 107, to mandate coverage for alcohol/drug treatment is sound and needed. The bill as presently written, however, continues the problem experienced by private non-profit inpatient treatment centers such as Rimrock Foundation, the center with which I am affiliated. Carriers are presently using the definition contained on Section 33-22-702 to exclude non-hospital leased inpatient treatment centers.

Despite licensure by the State Alcohol Authority and affiliation with a hospital, our free-standing inpatient center encounters third party payors who refuse benefits because we are not an acute care hospital. This loophole needs remedy. Our facility's alcohol/drug treatment program and service provided our inpatients are the same as found in a hospital-based unit.

We urge you to amend Section I as follows:

> "Inpatient hospital benefits means benefits payable for charges made by a hospital or an inpatient free-standing treatment center licensed by the State Alcohol Authority, as defined in the policy or contract, for the necessary care and treatment of mental illness, alcoholism, or drug addiction furnished to a covered person while confined as an inpatient and, with respect to major medical policies or contracts, also includes those benefits payable for charges made by a physician, as defined in the policy or contract, for the necessary care and treatment of mental illness, alcoholism, or drug addiction furnished to a covered person while confined as an inpatient."

Additionally under Section 3B, a clarification as follows:

> "(b) licensed, or approved as an alcoholism or drug addiction treatment center by the State Alcohol and Drug Authority."

These amendments are consistent with the existing alcoholism licensing legislation and assure that licensed treatment programs whether inside a hospital or free-standing, will receive third party reimbursement.

And this reimbursement is vital to chemically dependent Montanans and their families. Without these amendments, we feel intent of this bill will not be met.

SUBMITTED BY: Allen Call
January 26, 1983
EXHIBIT NO. 12

MPS-Blue Shield opposes the passage of SB 107 for the following reasons:

The bill requires all persons buying health coverage to purchase coverage for:

- Alcohol treatment centers
- Mental Health treatment centers
- Inpatient hospital care for alcoholism, mental illness and drug addiction
- Outpatient care for the above illness furnished by psychiatrists, psychologists, and, for the first time, social workers.

MPS contracts presently cover many of the benefits which this bill would require. However, MPS does not cover the services of social workers. (Although introduced in the House, legislation to license this type of provider has not yet even been passed.) However, MPS believes that no one should be forced to purchase any kind of health coverage.

- Forced purchases add costs to people and groups who don't want it and can't afford it. Many are now dropping coverage entirely because they cannot afford the expense.
- If this type of coverage is desired, it is available. The marketplace should create the demand for services, not the Legislature.
- A person buying coverage should be able to specify the coverage he wants.
- ERISA exempts self-insured groups from this type of mandated benefit so the effect of this bill will not fall equally on all.
- The providers of services covered by this bill are located mainly in Montana's major cities. Under this bill rural Montanans will be forced to subsidize the cost of care for urban dwellers.

It is recognized everywhere, by actuaries, insurance companies, Blue Cross and Blue Shield Plans, and government (Medicare and Medicaid) that coverage for alcoholism and mental illness is expensive and that strict limitations in the extent and nature of services covered are necessary to control costs. An excellent illustration of the problem exists in Massachusetts.

In 1975 Blue Cross and Blue Shield of Massachusetts paid $2 million for outpatient mental health treatment. In 1976 the Massachusetts legislature mandated that $500 of coverage for outpatient mental health care be included in all contracts. In 1980 the Plan paid $32 million for such claims with no decrease in costs for physical illness.

The requirement that everyone purchase coverage for the services of social workers is premature at best.

- Social workers are not licensed providers as yet.
- No figures are available in Montana yet as to the numbers of social workers who would be practicing or the cost of their services. The Legislature should not mandate such coverage until it has some idea of what it will cost.

Current legislation insures availability of coverage. SB 107 is not necessary and should receive a DO NOT PASS recommendation.

SUBMITTED BY: Rod Sundsted
January 26, 1983
EXHIBIT NO. 13

DEPARTMENT OF ADMINISTRATION
PERSONNEL DIVISION

TED SCHWINDEN, GOVERNOR — ROOM 130, MITCHELL BUILDING

STATE OF MONTANA

(406) 449-3871 — HELENA, MONTANA 59620

TESTIMONY OF ROD SUNDSTED, CHIEF, LABOR RELATIONS AND EMPLOYEE BENEFITS BUREAU, DEPARTMENT OF ADMINISTRATION, PRESENTED TO THE SENATE BUSINESS AND INDUSTRY COMMITTEE IN OPPOSITION TO S.B. 107

Mr. Chairman and members of the Committee: My name is Rod Sundsted, and I am the Chief of the State Labor Relations and Employee Benefits Bureau. I appear before you today in opposition to S.B. 107.

I am in opposition to S.B. 107 for two basic reasons. First, it removes the freedom of choice on benefit levels. Under the present law, mental, alcohol and drug benefits must be offered to the consumer, but the consumer retains the freedom to select or reject such benefits. Under S.B. 107, if consumers want accident or health insurance, they are forced to select and pay for mental, alcohol and drug coverage at specified levels irregardless of their medical and economic needs. I believe that a decision made by the consumer based on individual and group medical and economic needs is superior to a decision mandated irregardless of individual and group medical and economic needs.

My second reason for opposing S.B. 107 results from my functions as Chief of the State Employee Benefits Bureau. The Employee Benefits Bureau is responsible for administering the State Group Health Insurance Plan, which now covers over 23,000 employees, retirees, elected officials and dependents. Like nearly all health insurance plans, the State Plan is experiencing tremendous increases in claim dollars paid. This forces us to make the difficult decisions of reducing benefits or increasing rates, or a combination of both. In 1981, the State Plan introduced a $100 deductible and raised the co-insurance factor from 10% to 20%. Even with these benefit reductions, the State Plan was still forced to raise rates by approximately 20%. In 1982, the State Plan maintained the same benefits, but again was forced to raise rates by 20% to offset claims paid. If S.B. 107 is adopted, this increase in mandated benefits will force either a reduction in other benefits or an increase in rates to state employees, retirees, and elected officials. The consulting firm of William M. Mercer, Incorporated, acting as consultant to the State Plan, estimates that S.B. 107 could result in a $60 to $80 annual increase in the rates that state employees, retirees and elected officials must pay.

I believe that this is a time to be exploring ways to contain health care costs so that health insurance is affordable to residents of this State. S.B. 107, on the other hand, would serve to make health insurance more unaffordable.

MINUTES OF THE MEETING
BUSINESS AND INDUSTRY COMMITTEE
MONTANA STATE SENATE

February 3, 1983

The Business and Industry Committee met in Executive Session on February 3, 1983, at 11:00 a.m. The meeting was called to order by Chairman Allen Kolstad in Room 404, State Capitol.

ROLL CALL: All committee members were present.

ACTION ON SENATE BILL 107: Senator Fuller gave the committee a handout entitled "Inpatient and Outpatient Services". (Exhibit No. 1) He stated in talking with the personnel division and in trying to assess the fiscal impact you are still looking at $60/$80 per year. As an example, he stated he was not proposing this, we could go to 50/50 on co-insurance, drop $1500 to $1000 and eliminate social workers totally. He doesn't have any specific plans but he is interested in devising some bill here.

Senator Kolstad asked Staff Attorney Petesch what amendments we had adopted. Staff Attorney Petesch replied all have been adopted so far and there is a reference bill.

Senator Kolstad asked has the social worker been taken out of this bill? Staff Attorney Petesch stated it was added back where they are affiliated with the treatment centers.

Senator Regan stated these are psychiatric social workers that will be certified.

Senator Gage stated there is no harm in putting it in even though no one is under it now.

Senator Goodover stated he thinks it is premature to include in a bill people who are not qualified under the other bill.

Senator Regan stated if that bill passes those social workers will be able to accept third party payments. The net result instead of paying a psychiatrist $60 per hour you will be paying a psychiatric social worker at $35 per hour.

Senator Lee stated his impression of the bill was that there was not any distinct tie to the psychiatrists that is why his amendment was put in for the social workers.

Staff Attorney Petesch stated if the committee chooses we can delete the social worker and put in psychiatric social worker.

Senator Fuller stated he thinks the distinction instead of having third party payments go to anyone we are making it tied to those affiliated with a treatment center.

Senator Goodover stated if you remember in the original hearing we talked about a psychologist and psychiatrist and those who would apply under this bill would be the PHD's. You have people with

Masters who would not be included in the third party payments. You are going to tie people who are trained in the business but you cannot be licensed without a PHD.

David Briggs stated the way the bill presently reads, with amendments, the present laws in the state in regard to licensures of psychologists requires PHD level and others would be eliminated on any level of insurance benefits. He feels the committee should amend it to Masters.

Senator Dover stated you are really jumping the gun when you start doing that.

Terry Screnar, President, Blue Cross, stated his problem with the bill is the mandatory aspect of it. The cost would be $3-4 per month more per individual. He would like to see the bill remain an optional type that the consumer can get if they want.

David Briggs, representing Montana Council of Governing Boards of Treatment Centers, stated he would like 50% co-insurance and a limit of $1000 as opposed to $1500. The amendment in regard to social workers in a treatment center is agreeable with them. There have been a number of comments about people being out of work. That is when people need that kind of coverage most because of the stresses involved.

Dick Baumberger, Alcoholism Programs of Montana, stated one of the biggest benefits is the free standing impatient facilities; however, they do not have social workers in their program. He would like to see mandated coverage.

Senator Goodover made a motion that we retain the 50/50 co-insurance, present limit of $1000, and benefits remain as is at the present state plan and this be retained as an optional coverage.

The committee asked that he make a motion on each separately.

Senator Goodover made a motion that we retain the 50/50 co-insurance and the present limit of $1000.

Staff Attorney Petesch stated on page 5 of the existing bill, line 15, strike 20% and insert 50% and line 19 strike $1500 and insert $1000. Senator Christiaens seconded the motion.

The committee voted unanimously, by voice vote, that the proposed amendments to SENATE BILL 107 BE ADOPTED.

Senator Fuller stated we should consider that we amend the bill to make it mandatory coverage for group health plans and exclude the individual. On the new bill, page 4, section 3, on lines 13 and 14 strike "or individual". (Exhibit No. 2)

Senator Regan made the motion to amend the new bill page 1, line 18, following "all" insert "group" and page 4, lines 13 and 14 strike

"or individual". Senator Dover seconded the motion.

Mr. Harrison stated on page 4, lines 13 and 14, where you struck "or individual" this is identifying that kind of business, group or individual. In the elimination of individual plan he feels page 4, line 16 following "insurance" insert "group" and page 4, line 17, following "plan" insert "group".

Senator Regan made the motion that on page 4, line 16, following "insurance" insert "group" and on page 4, line 17, following "plan" insert "group". Senator Dover seconded the motion.

The committee voted unanimously, by voice vote, that the proposed amendment to SENATE BILL 107 BE ADOPTED.

Senator Goodover made the motion that on page 1, line 23, reinsert "select" in place of "have" to make this again optional.

Senator Lee asked is that necessary now? Senator Goodover replied yes. To force every company to have to include this in their policy is not what you call free enterprise. Senator Lee seconded the motion.

Senator Regan stated she was against such an optional basic coverage. A person does not think about it certainly an alcoholic is the last one to know that he needs that coverage. It defeats the purpose of the bill. We can automatically reduce the cost of health care by early treatment of alcoholism and those that are having the problem. She feels we should not have the amendment.

Senator Fuller stated he is also opposed to the amendment. We should not eliminate any insurance coverage. It is a social problem in our country. Senator Goodover stated it is not to eliminate the coverage. The problem is not the young people who buy the policies it is the people who drink. We should increase the cost of liquor. Let the people who buy booze pay for it through the liquor tax and buy the insurance out of the fee. To require everyone to buy the insurance policy is unfair. There are a number of people who do not drink and it is not relevant to their way of life. He feels this is not right. If they want it they will buy it, if not they won't.

Senator Gage stated he thinks it is in the bill right now. Anyway, the way he reads it.

Mr. Cain stated as he reads it Senator Goodover's amendments would create confusion in the bill. What you did with the last amendment would be that group health coverage would carry the benefit but the individual would not.

Senator Gage asked is it your opinion of this portion, page 1, line 20, do you interpret that if that coverage is in my policy and I do not feel I need it I do not have to take it? Mr. Cain stated no. As these amendments were proposed it was intended to make it mandatory, and to change "select" to "have" was not in

line with that. As the bill now reads it indicates that would be mandatory for all group policies.

Senator Gage asked the next amendment page 4, line 15, should "shall provide "optional coverage" under hospital and medical" ..... Mr. Cain stated with those two amendments together you would have the option.

Senator Severson stated we are back to the original bill.

Senator Goodover stated two years ago all they wanted was the option. They got that option and it is there for those who want it.

Senator Dover stated he was confused. Even if we leave "have" in there doesn't that leave out individual policies if we had not defined it as group. Maybe we should say "group subscriber contracts" then we can leave the "have".

Senator Goodover withdrew his motion.

Senator Dover made the motion that on the new bill, page 1, line 18, following "all" insert "group" and following line 18, insert "group". Senator Lee seconded the motion.

The Committee voted unanimously, by voice vote, that the proposed amendment to SENATE BILL 107 BE ADOPTED.

Senator Gage stated we are now saying groups who are covered that do not have alcoholism and drug coverage will have no policies at all. Senator Dover stated it is mandatory to groups. Those who do not want it have to have it anyway.

Senator Fuller made the motion that Senate Bill 107, As Amended Do Pass.

Senator Goodover asked is it going to solve the problem for the group insurers or create a problem?

Senator Regan seconded the motion.

Senator Goodover asked if we could find out how many state employees are covered. Ron Sunstead stated right now they have one group contract. It is 50% co-insurance. We have $4,000 limit on impatient and we also have lifetime limits.

Senator Gage asked how many persons who are being treated for what we are discussing here have coverage in comparison to those who are not being treated at the present time. Mr. Cain stated we cover about 125,000 people in the State. All of the groups do have the now amended coverage. Alcoholism is still not an accepted illness. They do not utilize their insurance as the medical bills would show they had treatment.

Senator Goodover asked does that mean you can live with the bill the

the way it is now? Mr. Cain stated yes.

The Committee voted unanimously, by voice vote, that SENATE BILL 107 AS AMENDED DO PASS.

ACTION ON SENATE BILL 84: Senator Goodover stated the subcommittee met and had proposed data given to them by both sides. He had the Public Service Commission, Bill Opitz, meet with them. He is going to come back with a report and have it in time for tomorrow's meeting. He feels it would be premature to do anything on this bill before Mr. Opitz brings his information.

Senator Regan stated they have met twice. She feels they are very close to an agreement. If they allow the Public Service Commission to look over all of this they will come up with something that we can all live with.

ADJOURN: There being no further business, the meeting adjourned at 12:00 p.m.

Allen C. Kolstad

ALLEN C. KOLSTAD, CHAIRMAN

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STANDING COMMITTEE REPORT

February 2 19 83

MR. PRESIDENT

We, your committee on BUSINESS AND INDUSTRY

having had under consideration SENATE Bill No. 107

Respectfully report as follows: That SENATE Bill No. 107

be amended as follows:

1. Page 1, line 16.
Following: "all"
Insert: "group"

2. Page 1, line 17.
Following: line 16
Insert: "group"

3. Page 2, line 2.
Following: "hospital"
Insert: "or free standing inpatient facility"

4. Page 2, line 5.
Following: "as"
Strike: "a hospital"
Insert: "an"

DO PASS

5. Page 2, line 25.
Following: "center"
Insert: "including charges by a licensed social worker affiliated with the treatment center"

6. Page 3, line 2.
Following: "psychiatrist"
Strike: ","
Insert: "or"
Following: "psychologist"
Strike: ", or social worker"

7. Page 3, line 7.
Following: "physician"
Insert: "physician or"
Following: "chemical"
Strike: "dependence"
Insert: "dependency"

8. Page 3, line 12.
Following: "licensed,"
Strike: "certified,"

9. Page 3, line 13.
Following: "the"
Insert: "alcohol authority of the"

10. Page 4, line 7.
Following: "group"
Strike: "or individual"

11. Page 4, line 8.
Following: "or group"
Strike: "or individual"

12. Page 4, line 10.
Following: "insurance"
Insert: "group"

13. Page 4, line 11.
Following: "plan"
Insert: "group"

14. Page 4, line 20.
Following: "basic"
Strike: "hospital"
Insert: "inpatient"

February 2 19

15. Page 5, line 3.
Following: "inpatient"
Strike: "hospital"

16. Page 5, line 7.
Following: "inpatient"
Strike: "hospital"

17. Page 5, line 9.
Following: "inpatient"
Strike: "hospital"

18. Page 5, line 15.
Following: "50%"
Strike: "20%"
Insert: "50%"

19. Page 5, line 19.
Following: "$~~1,~~000"
Strike: "$1,500"
Insert: "$1,000"

20. Page 6, line 16.
Following: "31,"
Strike: "1984"
Insert: "1983"

AND AS AMENDED

DO PASS

	DRUG		MENTAL		ALCOHOL		DRUG		MENTAL	
ICTIONS	COVERAGE REQUIRED	RESTRICTIONS	COVERAGE REQUIRED	RESTRICTIONS	COVERAGE REQUIRED	RESTRICTIONS	COVERAGE REQUIRED	RESTRICTIONS	COVERAGE REQUIRED	RESTRICTIONS
L AND DRUG MUST A MINIMUM OF IS	ALCOHOL AND DRUG ARE COMBINED		NONE REQUIRED		ALCOHOL AND DRUG MUST BE COVERED ON ALL GROUP CONTRACTS MUST BE OFFERED BUT NOT MANDATED ON [illegible]	ALCOHOL AND DRUG MUST COVER AT LEAST 130 HRS. TREATMENT TREATMENT CENTER MUST BE LICENSED BY STATE	ALCOHOL AND DRUG ARE COMBINED		NONE REQUIRED	IF THE CONTRACT CONTAINS INPATIENT MENTAL, IT MUST ALSO CONTAIN OUTPATIENT MENTAL UP TO $600 PER BENEFIT YEAR. SERVICES MUST BE FURNISHED BY: (1) LICENSED HOSPITAL (2) [illegible] (3) [illegible]
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BENEFIT AS . ILLNESS BUT ED TO $4,000 BENEFIT YEAR LCOHOL, DRUG NTAL. A ONE LIMIT OF $4,000	ALCOHOL, DRUG AND MENTAL ARE COMBINED				ALCOHOL, DRUG AND MENTAL ARE COVERED	(1) 50/50 COINSURANCE (2) LIMIT OF $1000 PER BENEFIT YEAR (3) TREATMENT LIMITED TO: A. PHYSICIANS B. APPROVED TREATMENT CENTERS (MUST HAVE A WRITTEN TREATMENT PLAN APPROVED AND SUPERVISED BY A PHYSICIAN) C. PSYCHOLOGISTS	ALCOHOL, DRUG AND MENTAL ARE COMBINED			
BENEFIT AS ILLNESS. S WOULD BE OOD LIFETIME FOR COMBINED CES. AND MINIMUM DAYS COVERAGE PER IT YEAR.	ALCOHOL, DRUG AND MENTAL ARE COMBINED				ALL GROUP AND INDIVIDUAL CONTRACTS	(1) 50/50 COINSURANCE (2) LIMIT OF $1500 PER BENEFIT YEAR (3) TREATMENT LIMITED TO: A. PHYSICIANS B. APPROVED TREATMENT CENTERS (MUST HAVE A WRITTEN TREATMENT PLAN APPROVED AND SUPERVISED BY A PHYSICIAN LICENSED OR CERTIFIED BY THE STATE) C. PSYCHOLOGISTS D. PSYCHIATRISTS	ALCOHOL, DRUG AND MENTAL ARE COMBINED			

SENATE BILL NO. 107

INTRODUCED BY BLAYLOCK, SCHYE, MCBRIDE, BACHINI, PECK, HARPER, IVERSON, HAZELBAKER, FULLER, J. JACOBSON, OCHSNER, LYNCH, LANE

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR BASIC LEVELS OF BENEFITS UNDER DISABILITY INSURANCE POLICIES AND CONTRACTS FOR THE CARE AND TREATMENT OF MENTAL ILLNESS, ALCOHOLISM, AND DRUG ADDICTION; AMENDING SECTIONS 33-22-701 THROUGH 33-22-704, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 33-22-701, MCA, is amended to read:

"33-22-701. ~~Purpose~~ Scope of part -- purpose. The ~~purpose--of--this--part--is--to-encourage-consumers-to-avail themselves--of--basic--levels--of--benefits---under---health insurance--policies--and--contracts~~ provisions of this part apply to all group policies of accident and health insurance and subscriber contracts offered in Montana by insurers and health service corporations for the care and treatment of mental illness, alcoholism, and drug addiction. and It is the purpose of this part to preserve the rights of the consumer to ~~select~~ have such coverage according to his medical and economic needs."

Section 2. Section 33-22-702, MCA, is amended to read:

"33-22-702. Definitions. For purposes of this part, the following definitions apply:

(1) "Inpatient hospital benefits" means benefits payable for charges made by a hospital OR FREE STANDING INPATIENT FACILITY, as defined in the policy or contract, for the necessary care and treatment of mental illness, alcoholism, or drug addiction furnished to a covered person while confined as ~~a hospital~~ AN inpatient and, with respect to major medical policies or contracts, also includes those benefits payable for charges made by a physician, as defined in the policy or contract, for the necessary care and treatment of mental illness, alcoholism, or drug addiction furnished to a covered person while confined as a hospital inpatient.

(2) "Outpatient benefits" means benefits payable for:

(a) reasonable charges made by a hospital for the necessary care and treatment of mental illness, alcoholism, or drug addiction furnished to a covered person while not confined as a hospital inpatient;

(b) reasonable charges for services rendered or prescribed by a physician for the necessary care and treatment for mental illness, alcoholism, or drug addiction furnished to a covered person while not confined as a hospital inpatient; and

(c) reasonable charges made by a mental health,

alcoholism, or drug addiction treatment center for the necessary care and treatment of a covered person provided in the treatment center. INCLUDING CHARGES BY A LICENSED SOCIAL WORKER AFFILIATED WITH THE TREATMENT CENTER; and

(d) reasonable charges for services rendered by a licensed psychiatrist, OR psychologist ~~or social worker~~.

(3) "Alcoholism treatment center" and "drug addiction treatment center" mean a treatment facility which provides a program for the treatment of alcoholism or drug addiction pursuant to a written treatment plan approved and monitored by a ~~physician~~ PHYSICIAN OR chemical ~~dependence~~ DEPENDENCY counselor certified by the state, and which facility is also:

(a) affiliated with a hospital under a contractual agreement with an established system for patient referral; or

(b) licensed, ~~certified~~, or approved as an alcoholism or drug addiction treatment center by the ALCOHOL AUTHORITY OF THE state.

(4) "Mental health treatment center" means a treatment facility organized to provide care and treatment for mental illness through multiple modalities or techniques pursuant to a written treatment plan approved and monitored by an interdisciplinary team, including a licensed physician, psychiatric social worker, and psychologist, and which

facility is also:

(a) licensed as a mental health treatment center by the state;

(b) funded or eligible for funding under federal or state law; or

(c) affiliated with a hospital under a contractual agreement with an established system for patient referral.

(5) "Mental illness" means neurosis, psychoneurosis, psychopathy, psychosis, or personality disorder."

Section 3. Section 33-22-703, MCA, is amended to read:

"33-22-703. ~~Availability---of--coverage~~ Coverage for mental illness, alcoholism, and drug addiction. Insurers and health service corporations transacting group or individual health insurance or group or individual health plans in this state ~~must-make-available~~ shall provide, under hospital and medical expenses incurred insurance policies and under hospital and medical service plan contracts, the level of benefits specified in this section for the necessary care and treatment of mental illness, alcoholism, and drug addiction subject to the right of the applicant ~~for-a--group or--individual--policy-or-contract-to-reject-the-coverage-or~~ to select any alternative level of benefits above the minimum level of benefits described in subsections (2)(a) and (2)(b) as may be offered by the insurer or service plan corporation:

(1) ~~Under~~ under basic ~~hospital~~ INPATIENT expense policies or contracts, inpatient hospital benefits consisting of durational limits, dollar limits, deductibles, and coinsurance factors that are not less favorable than for physical illness generally, except that benefits may be limited to not less than 30 calendar days per year as defined in the policy or contract~~;~~

(2) ~~Under~~ under major medical policies or contracts, inpatient ~~hospital~~ benefits and outpatient benefits consisting of durational limits, dollar limits, deductibles, and coinsurance factors that are not less favorable than for physical illness generally, except that:

(a) inpatient ~~hospital~~ benefits may be limited to no less than 30 calendar days per year as defined in the policy or contract. If inpatient ~~hospital~~ benefits are provided beyond 30 calendar days per year, the durational limits, dollar limits, deductibles, and coinsurance factors applicable thereto need not be the same as applicable to physical illness generally.

(b) for outpatient benefits, the coinsurance factor may not exceed ~~50%~~ 20% or the coinsurance factor applicable for physical illness generally, whichever is greater, and the maximum benefit for mental illness, alcoholism, and drug addiction in the aggregate during any applicable benefit period may be limited to not less than ~~$1,000~~ $1,500~~;~~

(c) maximum lifetime benefits may shall, for mental illness, alcoholism, and drug addiction in the aggregate, be no less than those applicable to physical illness generally ~~an amount equal to the lesser of $10,000 or 25% of the lifetime policy limit.~~"

Section 4. Section 33-22-704, MCA, is amended to read:

"33-22-704. Applicability. (1) Except as provided in ~~subsection~~ subsections (2) and (3), this part applies to policies or contracts delivered or issued for delivery in this state more than 120 days after July 1, 1979, but does not apply to blanket, short term travel, accident only, limited or specified disease, individual conversion policies or contracts, or to policies or contracts designed for issuance to persons eligible for coverage under Title XVIII of the Social Security Act, known as medicare, or any other similar coverage under state or federal governmental plans.

(2) With respect to mental illness, this part applies to policies or contracts delivered or issued for delivery in this state after January 29, 1982.

(3) [This act] applies to policies or contracts delivered or issued for delivery in this state after December 31, ~~1984~~ 1983, but does not apply to blanket, short-term travel, accident only, limited or specified disease, or policies or contracts designed for issuance to persons eligible for coverage under Title XVIII of the

Social Security Act, known as medicare, or any other similar coverage under state or federal governmental plans."

-End-

STATUS

HUMAN SERVICES COMMITTEE

48th Legislature

ll No.	Subject Matter	Date In	Sponsor	Hearing Date	Committee Action	Date Out
3 12	AN ACT ALLOWING PHYSICIANS TO REPORT TO THE DIVISION OF MOTOR VEHICLES PATIENTS WITH CONDITIONS THAT IMPAIR THEIR ABILITY TO SAFELY OPERATE A MOTOR VEHICLE; AND PROVIDING LIMITED IMMUNITY FOR SUCH PHYSICIANS	1-24	JACOBSON	3-7	BE CONCURRED IN	3-7
3 22	REQUIRING USE OF A SAFETY RESTRAINT SYSTEM TO TRANSPORT A CHILD LESS THAN 4 YEARS OLD	1-27	JACOBSON	3-7	BE CONCURRED IN	3-7
3 61	AN ACT REFINING THE DEFINITION OF DEATH	1-26	NORMAN	3-4	BE CONCURRED IN	3-4
3 70	AN ACT INCLUDING NURSE SPECIALISTS IN LIST OF FREE CHOICES FOR TREATING ILLNESS OR INJURY COVERED BY DISABILITY INSURANCE OR WORKERS' COMPENSATION	1-26	ECK	3-9	BE CONCURRED IN	3-9
3 107	TO PROVIDE FOR BASIC LEVELS OF BENEFITS UNDER DISABILITY INSURANCE POLICIES AND CONTRACTS FOR THE CARE AND TREATMENT OF MENTAL ILLNESS, ALCOHOLISM, AND DRUG ADDICTION	2-14	BLAYLOCK	3- 9	AND AS AMENDED BE CONCURRED	3-14
3 128	TO EXPAND THE DEFINITION OF "HOUSING DEVELOPMENT" FOR PURPOSES OF PROGRAMS ADMINISTERED BY THE BOARD OF HOUSING	1-27	HAZELBAKER	3-4	BE CONCURRED IN	3-7

rm CS-32
81

MINUTES OF THE MEETING OF THE HUMAN SERVICES COMMITTEE
March 9, 1983

The meeting of the Human Services Committee held on March 9, 1983, 12:30 p.m. in Room 224A of the Capitol Building was called to order by Chairman Marjorie Hart. All members were present except Rep. Winslow, who was absent.

SENATE BILL 193

SEN. CONOVER, sponsor. This bill would change the standard of medication for mentally ill patients from those advocated by the U. S. Food and Drug Administration to those "consistent with current medical practice".

PROPONENTS:

JERRY LOENDORF, Montana Medical Association, said that the bill is "housekeeping" in nature. It deals with administration of medication to patients in mental health facilities. Currently, it provides the use of medication to these patients shall not exceed standards set by the Food and Drug Administration. The U. S. Food and Drug Administration generally tells you when a drug is safe to be placed on the market. It does not tell you how much and how often you give medication to a patient for a specific disease or injury. Really, there is no standard now and this bill provides a standard, in effect, where there is none. And that standard is probably current medical practice, which is followed anyway (EXHIBIT 1).

OPPONENTS:

REP. McBRIDE, District 85. I stand before you as a concerned person who began to look into the area of rights of patients in mental institutions and as presenting some information for individuals from the Board of Visitors. This bill does do a little bit more than you would be led to believe. The FDA standards do establish guidelines for the safe and effective use and distribution of medicines. Those standards also have requirements and go through some sort of testing in order to be put on the market to begin with. In addition, regulations for the labeling of drugs which require the statement of drug's purpose, its effect, the dosage, the method for dispensing the drug, the frequency and the duration. Based on my conversations with the people who do look to see if there is excessive medication, without some sort of a standard, such as the FDA standard, what is being proposed under this bill would be no standard at all and you would have no method for determining whether it was excessive. Current medical practices could

REP. FARRIS: How would anyone know if the doctor over-prescribed if we didn't have the standards established?
JERRY LOENDORF: Peer review. The Board of Medical Examiners reviews every complaint they receive and contrary to popular belief, they take plenty of licenses.

REP. FABREGA: Consistent with current medical practices, how are those standards determined?
JERRY LOENDORF: I don't know that I can find the answer.
REP. FABREGA: Your position is then that the patients are better off as patients of Food and Drug Administration than the physician.
REP. McBRIDE: I am not sure I can say that there is not some better standard than the U. S. Food and Drug Administration standards. There needs to be some sort of standards because otherwise people looking at protecting the patient's right has no way to judge that.
REP. FABREGA: Are all of these resolved by suits or malpractice?
REP. McBRIDE: While the comparison may be made to anyone who is given a prescription drug, the clientele in the mental institution may not have the advantage of anyone of us who has a prescription drug. We can go to another doctor but people in an institution don't have that advantage.
REP. FABREGA: Are you suggesting that when a patient is in an institution, the patient relationship doesn't exist as well.
REP. McBRIDE: I think it is different because the person has been admitted voluntarily to the institution.
REP. FABREGA: Is this bill intended to affect only those that are institutionalized?
JERRY LOENDORF: That section of the law deals only with people in mental health facilities.

CHAIRMAN HART closed the hearing on SENATE BILL 193.

SENATE BILL 107

SEN. BLAYLOCK, sponsor. This bill would require disability insurance policies and contracts to provide basic levels of benefits for the treatment and care of mental illness, alcoholism, and drug addiction. Currently, such coverage must be made available by insurer, but is not required in group policies. The bill would apply to policies and contracts delivered or issued after December 31, 1983.

He stated that this bill will help solve some of the problems in Montana. It tries to put the sickness of alcoholism and drug addiction under group insurance policies. It becomes mandatory that these two diseases be covered by group health insurance.

PROPONENTS:

JOANNE SALINA, representing the State Council of Community Mental Health Boards, Inc., said that although outpatient services provided by a mental health center are less costly than hospital care, insurance companies usually do not pay for them, or will pay only at a greatly reduced level because of limitations in their policies. This forces many patients to seek more costly and sometimes unnecessary hospitalization because their insurance will pay (EXHIBIT 2).

HAROLD GERKE, State Council of Community Mental Health Boards, Inc., stated this is an excellent piece of legislation--one that is long overdue in this state. He also said that JOHN NESBIT, County Commissioner, Shelby, wanted to go on record as supporting this bill.

STEVE SHUMATE, Director, Alcohol Programs of Montana, stated that the vast majority of insurance carriers right now already provide some form of coverage for alcoholism and drug addiction treatment services. This bill addresses a sizeable minority of carriers who do not. Those carriers who have provided this coverage to their clients do so and are able to remain competitive in the insurance line. This bill provides a base line for alcoholism treatment services and, especially, those services that are least expensive--non-hospital patient care. Insurance carriers are paying for the cost of alcohol and drug addiction at the present time. The problem with that is they are paying for the complications in the deteriorating and progressed aspects of the disease. We are presenting a bill that will address alcoholics behavior, drug addictive behavior in a far earlier stage, and perhaps in many cases prevent expensive complications of these diseases (EXHIBIT 3).

JOY McGRATH, representing the Mental Health Association of Montana, strongly supported and actively endorsed SENATE BILL 106, the equal insurance bill (EXHIBIT 4).

ANN SCOTT, member of a private group attempting to start an alcohol treatment center in Great Falls, said that one of the things this bill does--it allows a freestanding alcohol treatment center to be treated the same way as a hospital for alcohol treatment purposes. This doesn't mean they are treated the same for the detox program or any program that involves actual hospitalization for medical coverage. It just means that in the rehabilitative process of alcohol treatment, that a freestanding facility that is licensed by the state will be treated the same way as a hospital. I want to address a question that is going to be brought up by the opponents and that is what you are going to do here is increase cost to the policy holders. Please consider what happens when an individual can't pay for their alcohol treatment program. If the expenses can't be collected, it is just added on to everybody else's treatment or the treatment center realizes that they can't pay so they go to Galen. Who picks up the cost at Galen? The state. We all pick it up. We had better realize that the costs are already out there. They are just in some other form. She urged support of this bill.

RON JELMSTAD, Hill-top Recovery, Havre, said the hearing was necessary because the health insurance industry in Montana has chosen to ignore the recognition by the world health organization and by the people of the state of Montana that state that alcoholism is an illness. In their refusing to recognize systematically when it suits them exclude coverage for what has become the major health problem in our society. One of the ways the insurance industry avoids paying for chemical dependency treatment has been to adopt the policy that says they will pay for alcoholism or drug addiction as long as it is provided in a general hospital setting. Under this kind of approach here in Montana, two of the most noted chemical dependency treatment programs would be unable to collect third party payments. Both are specialized addictions hospitals. They are not housed or associated with a general hospital setting. The evidence is overwhelming that treatment of chemical dependency is a highly specialized field and that specialization has been developed over a number of years. This policy must be recognized for the benefit of the citizens of our state.

ROGER TIPPY, Attorney, representing the Montana Beer and Wine Wholesalers Association, said the alcohol beverage industry, whose taxes support a major portion of regional nonprofit alcoholism treatment programs, believes these programs need a broader revenue base on which to operate. This means more efforts to collect fees from clients and reimbursement from third party insurers (EXHIBIT 5).

KAY FLINN, chemical dependency counselor in private practice, supported this legislation. She had two major concerns: (1) language of the bill--segments of the bill that deals with approval of chemical dependency centers, and (2) licensure for treatment of chemical dependency problems (EXHIBIT 6).

DAVID CUNNINGHAM, Rimrock Foundation, Billings, said this bill has been implemented in most states throughout the midwest and the Rocky Mountain region. We believe that it is to our benefit to allow for application the intent of definitions of eligible providers so that Montanans who buy coverage can be assured of benefits for alcoholism treatment (EXHIBIT 7).

ED SHEPHERD, St. Patrick's Hospital, Missoula, said if we do not take action on SENATE BILL 107, we are saying it is all right to have diabetes because third party carriers will back it up but it is not alright to have the disease of alcohol.

JACK HASTY, Administrator, Sunrise Ranch and Alcohol Treatment Center, Helena, urged support and passage of SENATE BILL 107.

KEN ANDERSON, Flathead Valley Chemical Dependency Center, Kalispell, said that a portion of this bill allows for out-patient treatment. A certain small percentage of people who are chemically dependent are appropriate for outpatient treatment. What we have done--we have chosen to send these people to a more expensive treatment center because some of their insurances did cover it.

REPRESENTATIVE TED SCHYE, REPRESENTATIVE JIM JENSEN, and REPRESENTATIVE DENNIS IVERSON, were in support of this legislation.

BRUCE McCRACKEN urged passage of this bill.

Jo Caste, Director of Boyd Andrews Center, Helena, asked to be listed as a proponent of SENATE BILL 107.

OPPONENTS:

JACK NOBLE, Deputy Commissioner for Management and Fiscal Affairs, stated he has no opposition to the mental health aspects of this bill. We do object to the unlimited treatment of alcohol and drugs. Our current plan does cover alcoholism and drug treatment. We recognize that alcoholism is an illness. What we object to in this bill is the lack of limitations. Our current plan has a 24-month limitation, the maximum an employee can draw and then we have a lifetime limit an employee can use. His organization believes it is unnecessary and unwise to mandate insurance coverage for mental illness, alcoholism, and drug addiction under the same benefit umbrella. Mental illness has been taken care of fairly well in most contracts. They would prefer that the bill allow for a 50% coinsurance rates on an inpatient basis and outpatient basis--not the same rate as for other physical illness. They preferred a do not pass as they are against mandated coverage (EXHIBIT 8).

ALLEN KANE, representing Blue Shield and Blue Cross, said they are not opposed as an industry to the treatment of alcoholism. Their job is to provide payment for the kind of benefits their groups want. Many of their groups have reached the limit for what they can handle. The availability of insurance coverage is one of the things which has led to a proliferation of providers and an increase in utilization. Their people have to back up that cost. If benefits like this are mandated where they have no choice then those people are going to have to start to cut their benefits in other areas. He said he couldn't support this legislation.

TOM HARRISON, representing Blue Cross, addressed his remarks to the Senate Amendment, page 2, line 5, which put "free-standing inpatient facility" in the bill. What it has done is take a $1,000 outpatient benefit and superimpose on it another 30-day inpatient benefit. For anyone to say that we are talking pennies to put a brand new inpatient with hospital costs at $250 to $400 per day benefit in a bill and mandate it--whether a person does or does not drink, whether they are young or old, or whatever--is incredible.

The Director of Personnel appeared at the Senate hearing and quoted a figure of $80 per year per person. Between Blue Cross and Blue Shield, we insure 250,000 people in Montana times $80 is $20 million. That should be viewed as a $20 million tax. You can see the free standing placement on page 2 was not the way the bill was introduced. We have no trouble with the other provisions of the bill.

TOM SCHNEIDER, Director of the Montana Public Employees Association and also a member of the State Insurance Advisory Committee, stated they would never oppose better coverage for illness and health treatment in the state of Montana. For a brief rundown--five years ago, most of our groups had programs which had no deductible and full-paid health coverage. The state group at that time was paying a premium for a family of about $90 a month. In five years we have gone to a $100 deductible, 80% coinsurance and our family premium today is $155 per month. His major problem with the bill--in 27 different health groups, none of the people speaking in favor of the bill ever approached one of the employees and askedthem to look into this type of coverage for their health group. They went to bid on all of their major programs and have bid the programs with every conceivable type of coverage that people have ever asked for to see what the cost was. If this had been given to them, they would know today what the insurance companies felt the cost of this type of coverage was. None of the employees have ever come to them and asked for this type of coverage. Our health programs are in trouble and we have some major concerns about legislating, mandating, and coverages that we feel are less than other coverages. He had a problem with one area--the outpatient benefit, page 5, line 20. The sponsor stated that this bill requires a 50% payment but this bill does not really do that. This bill says at least 50% but if you have a coinsurance of 80%, 70% or 75%, that is what it is really going to pay. What I see happening with our groups--when we go in next time and the employees don't have the money to pay higher premiums, the employer isn't going to pay any more and we start looking at cutting, immediately we are going to drop coinsurance to 50% because this bill says you have to have the figure which is greater. This bill, in some ways, is to the detriment of the people by providing language which is going to reduce other coverages.

ELMER HOSKINS, Lobbyist for Montana Association of Life Underwriters, said they opposed this bill because it would increase overall health care costs. There were also some questions about the licensing as opposed to the state licensing provisions.

LES LOBLE, attorney, representing American Council of Life Insurance, shared a remark from the Maryland Legislature. "It appears from the data in the Blue Cross and Blue Shield report that the mandated coverage as passed by the Legislature in the last decade may have increased the cost of health care and health insurance by the policy holder without necessarily improving the quality of where a health service is added as a benefit paid by insurance, the incidence of an unncessary utilization of that service may increase. The Committee questions the ability of the average policyholder to afford these mandated coverages when one considers there is doubt as to whether his health has been improved."

CHAD SMITH, Montana Hospital Association, appeared in opposition to SENATE BILL 107. He stated among all the businesses and industries in Montana, the one that would be most affected on a business basis by the passage of this bill would be the hospital industry. We are opposed to the bill because we feel it is basically unfair. We do not believe legislation should be introduced which is mandated. If this is a problem of society, then it should be met as a society obligation. There should be appropriations by society as a whole to take care of this problem. It should not be placed on the back of an individual who is insuring himself for another purpose altogether. This does not address the matter of financing the alcohol treatment for one of the groups for which you have the greatest problem and that is the medicaid area. We have tried to get SRS and those that handle medicaid payment to include the type of treatment (30 day) for the medicaid patient and their response is that it is too expensive. There is absolutely no way that government can handle that. If government can't handle it, why should the burden be placed on the back of the private insured who doesn't want that coverage in the first place. He asked that SENATE BILL 107 not be concurred in.

QUESTIONS:

REP. DOZIER: Alcoholism is a problem of the person who has it and not the insurance company. If he doesn't have diabetes, he should have that portion of his insurance policy deleted.
MR. HARRISON: If you wanted to buy a policy that excluded diabetes, the policy is issued.

REP. DOZIER: There were some points made as to employee abuse in the studies you referred to. Does that ever come up?
JOY McGRATH: In the studies that I have been able to look at, they didn't mention employee abuse but they are a small portion of the people who are covered for mental health and rarely use that insurance.

REP. MENAHAN: Why is mental health and alcoholism in a bill together.
SEN. BLAYLOCK: I didn't draft the bill so I can't be specific in answering that.
JOY McGRATH: During the last Legislature, the two were lumped together.

REP. SEIFERT: We have a large group policy with the employees at home and every year that is negotiated whether they want dental insurance, eye insurance, etc. Under this bill, it would be mandated they would have to subscribe to this type of insurance. Wouldn't it be better if it were optional?
SEN. BLAYLOCK: If you do not make alcoholism and drug dependency mandatory, it will never happen.

REP. DRISCOLL: Would the insurance pay for involuntary commitment?
DAVID BRIGGS: If someone is committed to a private program by a judge, it would be applicable. If they are committed to a state program, it would not apply.

REP. SWIFT: Discussion was made to amending the bill to insert the freestanding. What was the reason?
SEN. BLAYLOCK: Because we have the two freestanding inpatient facilities in Montana. They wanted it to be covered under this so they would also be available for third party payments.
REP. SWIFT: Doesn't that increase costs enormously.
SEN. BLAYLOCK: Insurance companies keep saying how much this is going to cost. I would like to have this Committee ask the insurance companies to substantiate costs.
REP. SWIFT: Doesn't this say there is no cutoff date.
SEN. BLAYLOCK: Yes.
REP. SWIFT: He could be there any number of times as inpatient.
SEN. BLAYLOCK: Yes. As an outpatient, he would be limited to once.

REP. FABREGA: Presently, there is 30-day inpatient coverage.
SEN. BLAYLOCK: The current coverage in the bill is the way the law currently stands on the books. It would require that the company offer thirty days in the hospital acute-type care. For alcoholism treatment centers, it has a $1,000 per year limit. It has to be available to people buying this coverage. The large bulk coverage is purchased by large groups.
REP. FABREGA: Does your whole group participate or does a committee select coverage.
MR. NOBLE: It is a committee comprised of three individuals from each campus who are either elected or appointed.

REP. MENAHAN: A couple of hears ago, we were going to have an increase in our policy. We had a wave of letters from senior citizens protesting the increase. How would this affect them?
MR. NOBLE: This would not apply to them.
REP. MENAHAN: If you are a senior citizen, you would not get this benefit?
MR. NOBLE: Not the way the bill is drafted.

REP. BRAND: What is the basic purpose for having insurance if it isn't for something like this?
INSURANCE REPRESENTATIVE: It would be nice to have coverage for as broad a spectrum as you could. I think the position we find ourselves in now, the federal government is saying you can't have any more coverage and they are starting to squeeze it down so it is almost impossible to get. At the same time at the state level, we see an effort to mandate certain types of coverage. Peoples' benefits will have to be cut some where.

REP. BRAND: If that coverage is not covered in a group plan, the individual will have to provide their own?
INSURANCE REPRESENTATIVE: The only way we can control health care costs, we have to force people to share economically in the cost of their health care.

REP. BRAND: You think we ought to have socialized medicine?
INSURANCE REPRESENTATIVE: No, sir, we do not.

SEN. BLAYLOCK closed saying what we have heard here today are some differences in philosophy. His philosophy is that government can help those who cannot help themselves. I doubt that Mr. Schneider or the university group will ever get a majority that says we want to have alcoholism or drug addiction under a group plan. If we don't do this, the alcoholics will go to Galen and we take care of them as taxpayers. If they

can't get in under the insurance, they say they have a liver that is giving them problems; they go into the hospital. You really can't beat it. He urged support of this legislation. Additional testimony is attached (EXHIBIT 9).

SENATE BILL 70

SEN. ECK, sponsor. This legislation builds on the bill that was passed during the last session--the nurse practice act. One of the things that that bill did was to recognize nurse specialists and to provide that these specialists be qualified and licensed under regulations. During the last year, that has happened. They have promulgated regulations that assures that these persons are well qualified and well trained and meet the requirements. This Act provides that these nurse specialists can be entitled to third party payments as well as a number of other professionals. This bill recognizes those specialists and enables them to practice independently and to do their own billing. I think it is an important way of recognizing a group who do provide some very good professional service.

PROPONENTS:

SHIRLEY THENNIS, representing the Montana Nurses Association, spoke in support of SENATE BILL 70. She said one of the major changes adopted in the revision to the Nurse Practice Act was the recognition and definition of specialty areas of nursing. The revised Act also gave the Board of Nursing authority to adopt rules to define the educational requirements and other qualifications applicable to specialty areas of nursing. The rules require that the use of the title of Nurse Practitioner, Nurse Midwife, or Nurse Anesthetist has to be approved by the board and that such approval is only granted after the individual has obtained additional education beyond that required for licensure as a Registered Nurse who has also successfully passed a national certification examination which is recognized by the Board of Nursing. Now that the nursing specialists have been recognized in the law and rules and regulations are in place to assure the consumer that before a person can use a nursing specialist title that person has met additional educational requirements, the Montana Nurses' Association believes that SENATE BILL 70 is needed to help give the nurse specialist some economic assistance so that the specialist can practice within the scope of his/her license, education, and skills (EXHIBIT 10).

TESTIMONY IN SUPPORT OF SB-107

BY THE STATE COUNCIL OF COMMUNITY MENTAL HEALTH BOARDS, INC.

Historically, Montanans have had inadequate insurance coverage for mental illness. While insurance coverage for physical illness has kept pace with developments in medical care, this is not the case for mental health care. Insurance companies have imposed many limitations on mental health treatment, including higher deductibles, higher co-payments and fewer services which are covered.

Physicians often refer patients to mental health centers as an alternative to costly hospitalization. Although outpatient services provided by a mental health center are less costly than hospital care, insurance companies usually do not pay for them, or will pay only at a greatly reduced level because of limitations in their policies. This forces many patients to seek more costly and sometimes unnecessary hospitalization because their insurance will pay.

Some insurance plans have provided equitable coverage for mental illness. In many cases, the result has been a reduction in medical usage and costs. The reason for this is that between 35 to 50% of the patients who go to a physician have symptoms due wholly or in part to emotional factors. We have spent a great deal of time gathering data on the effects of this type of coverage. The information available has been limited and not always comprehensive. However, the data we have gathered indicates that when outpatient psychiatric care is paid for by insurance, inpatient psychiatric care and general medical usage are reduced and in some cases overall costs are also reduced. For example, the University of Washington Health Service found a 41% reduction in the use of outpatient medical services by individuals receiving mental health care.

Two researchers, Jones and Vischi, reviewed 13 insurance plans and found decreased medical usage in 12 of the 13 when mental health care was insured. Reductions in usage ranged from 5% to 85% with an average reduction of 20%. The Kaiser Permanente study found a 62% reduction in outpatient medical visits and a 68% reduction in hospital days by the fifth year after psychotherapy was covered.

Insurance coverage for outpatient mental health care has benefits for employers. When Kennecott Copper instituted an Employee Assistance Program it resulted in a six to one benefit to cost ratio. For example, Kennecott Copper experienced a 52% reduction in absenteeism. In addition, when Equitable Life Assurance initiated an employee emotional health program they increased productivity by $3.00 for every $1.00 spent on the program.

Ten states have guaranteed insurance benefits for mental illness. We contacted those states through the Montana Insurance Commissioner's office to request information about the effects on premiums and health care costs. They reported a lack of good evidence on how general health costs have been affected. Some states did give us specific information on premiums. The increase in premiums was generally modest and ranged from 17 cents in Minnesota to about 50 cents in Maryland, per person per month.

In some states which have passed similar legislation, insurance payments to mental health centers increased dramatically. In New Hampshire, insurance payments to mental health centers increased 100% from 1977 to 1980.

This legislation should, in the future, decrease mental health centers' dependence on State tax dollars, stabilize health costs and ensure the availability of quality mental health care for all Montanans.

Ex 3
SB10

TESTIMONY FOR SB 107

REQUIRING HEALTH INSURANCE COVERAGE FOR

ALCOHOL & DRUG ABUSE TREATMENT

It's strange...if someone in your family has heart disease or diabetes, you can count on your health insurance to cover treatment costs. Your insurance will pay for any treatment needed to reduce the impact of the disease, and it will probably pay for a variety of other services needed to help you and your loved-ones regain a reasonably normal life.

But if your family is troubled by alcoholism or drug abuse, you can't count on your insurance to help - at least in Montana. It may pay for a limited stay in the hospital, if you have reached the point that you must have acute medical care. But your policy probably won't pay for any follow-up outpatient treatment and most won't pay a nickel for an alcoholism counselor to help on the difficult road back from alcoholism to a normal life. Why?

Certainly not because alcoholism and drug abuse aren't significant health problems. In fact, substance abuse is the third worst severe health problem in the country. Nearly 100,000 Montana citizens struggle with alcohol and drug problems. Alcohol and drugs are involved in domestic violence, child abuse and divorce. They destroy families, undermine job performance, maim people on our highways and, according to the American Hospital Association, are at least a part of the problem in a third of all general admissions to hospitals. Put a dollar estimate on the size of Montana's alcohol and drug problem and the figure approaches $200,000,000 - each year - in lost work production, health and welfare costs, property damage,

Is it because substance abuse is a "self-inflicted" condition?

If so, it is hard to understand why most health insurance covers pregnancies or suicide attempts. For many people both of these conditions would be classed as "acts of free will" and therefore would be self-caused. Lung cancer is caused primarily by cigarette smoking; many traffic injuries by a decision or habit of not "buckling up." Why should alcoholism or drug abuse be singled out for exclusion on that basis when so many other health problems are covered?

Is it the cost of the coverage?

Not really. Fourteen other states require insurance companies to cover substance abuse treatment costs, and they have been able to do so quite economically. California's pilot program provided alcoholism coverage at a little over $2.00 annually per policy and other programs are providing coverage at between $2.00 and $8.00 annually. The Kemper Insurance Company expanded coverage in 1973 for alcoholism at no cost to policy holders. So did Employers of Wausau.

Why is it then?

Montana is playing "catch-up" when the question of requiring coverage for alcoholism and drug abuse is raised. Practical out-patient and residential treatment are available and at much less cost than hospitalization. There is no need any longer to put up with the costly and frustrating "revolving door" in which an alcoholic

or drug abuser goes through detoxification again and again with no follow-up treatment because his insurance only covers actual hospital care.

The trouble is that Montana is behind. We are behind Ohio, Illinois, Wisconsin, Minnesota and other states. We think you will agree that it's high time Montana required your health insurance policy to cover alcoholism and substance abuse as well as it does other diseases.

Submitted by: Alcoholism Programs of Montana
219 North Rodney
Helena, Montana 59601
443-2343

Ex
SB1

Mental Health Association of Montana

A Division of the national Mental Health Association
State Headquarters
201 South Last Chance Gulch
Helena, Montana 59601
(406) 442-4276

March 9, 1983

Testimony before House Human Services Committee
In Support of SB 107

I am Joy McGrath of Helena representing the Mental Health Association of Montana, which is a non-governmental, non-profit organization advocating better mental health for all Montanans. We strongly support and actively endorse SB 107, the equal insurance bill.

Our State has always shown a commitment to the care of the mentally ill citizens. This bill ensures that many citizens of Montana needing mental health, alcohol, or drug treatment services will have such services available more within their means. Enactment of SB 107 should save tax dollars and ensure the availability of quality mental health, alcohol and drug treatment for all Montanans.

On behalf of the State Association and its more than 1400 members, I ask for your careful consideration of this bill and urge a DO PASS recommendation on SB 107.

WITNESS STATEMENT

Name ROGER TIPPY Committee On Human Services

Address P.O.Box 124 Date March 9, 1983

Representing Montana Beer & Wine Wholesalers Assn. Support X

Bill No. SB 107 Oppose

Amend

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1. Alcohol beverage industry, whose taxes support a major portion of regional non-profit alcoholism treatment programs, believes these programs need a broader revenue base on which to operate. This means more efforts to
2. collect fees from clients and reimbursement from third party insurers.

3.

4.

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

Ex 1
SB 1

WITNESS STATEMENT

Name Kay Flinn, COC — Committee On Human Services

Address 555 Fuller — Date 3-9-83

Representing Self, Counseling Consortium — Support ✓

Bill No. SB 107 — Oppose

Amend ✓

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1. Concern with moratrium on approval for additional alcohol / drug treatment programs. [Carroll South, director Do. 1981]

2. Concern with lack of approval process by State authority for private treatment providers.

3. Concern with exclusion of social workers from coverage.

4. Lack of licensure availibility for M.H. centers through the State authority.

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

Ex
SB

ALCOHOL AND DRUG ABUSE TREATMENT BENEFIT PROJECT UPDATE

RECEIVED
AUG 07 1981
RIMROCK FOUNDATION
BY

JULY, 1981

The Blue Cross Association (BCA), in cooperation with the National Institute on Drug Abuse (NIDA) and the National Institute on Alcohol Abuse and Alcoholism (NIAAA) has been engaged since 1976 in a series of projects to develop and market comprehensive alcoholism and drug abuse treatment benefits. In June, 1979, the Association and NIDA began a project to demonstrate drug abuse benefits at two selected Blue Cross and Blue Shield Plans - Blue Cross of Greater Philadelphia and Blue Cross and Blue Shield of Alabama.

In Novemember, 1980, with support from NIAAA, the project was expanded to include alcoholism treatment. The additional funding will also support the examination of state licensure in lieu of JCAH accreditation as a provider standard, additional data collection activities, and the addition of a third demonstration site. The participation of NIAAA significantly strengthens the project's capability to improve the understanding of alcoholism and drug abuse benefits and to support its expansion among Plans.

The purpose of the demonstration is to refine administrative and marketing materials; to obtain data on the cost and utilization of alcoholism and drug abuse benefits; and to examine standards for treatment providers participating with the Plans. Based on the results of the demonstration project, the Association anticipates a recommendation to expand the benefit to other Plans.

The first year of the project entailed primarily administrative activity: the demonstration sites were selected; the benefit design was modified to meet local Plan needs; Plan administrative systems were modified to accomodate the new benefit; marketing and utilization plans were drafted; and an evaluation methodology was developed to provide for a case study analysis of each demonstration site. This work was described in a previous update (September, 1980).

This update reports the expansion of the project, marketing of the benefit, and utilization promotion activities conducted during the past year.

This project is being conducted under Contract No. 271-79-1405 with the National Institute on Drug Abuse; Alcohol, Drug Abuse, and Mental Health Administration; Department of Health and Human Services.

Albany Selected as Third Site

The National Institute on Alcohol Abuse and Alcoholism (NIAAA) has contracted with the Blue Cross Association (BCA) via the National Institute on Drug Abuse (NIDA), to fund an expansion of the drug abuse treatment benefit project to include alcoholism coverage. The contract modification supports the addition of a third demonstration site Plan, the collection of alcoholism data and alternative provider standards.

Blue Cross of Northeastern New York, Inc. (BCNNY), in Albany was selected as the third demonstration site. BCNNY serves the Northeast quadrant of New York State. The position of Project Coordinator is filled by Jim Gaw, Director of Marketing Support Services. Mr. Gaw previously served as a member of the project's advisory committee (DABSAC). Pat Jarvis, a Plan employee with three years of Blue Cross experience, was named the Project Specialist. Ms. Jarvis has experience in the areas of claims administration and quality assurance.

The benefit being marketed by the Albany Plan covers up to 120 days of rehabilitation in a residential program, up to 30 days of which may be used for hospital inpatient care. Up to 120 days may be used for outpatient visits, 15 of which can be used for family therapy. The benefit covers two 365 days periods. The premium will be approximately $.82 for an individual and $1.65 for a family per month.

The Plan has identified target accounts for the marketing effort, including the Plan itself, groups currently enrolled under the Plan's alcoholism rider, groups participating in EAP activities, and selected industries with historical interest in the control of employee alcoholism and drug abuse problems. This potential segment of the Plan's market amounts to approximately 47,000 contracts, or 19% of the Plan's experience rated groups.

A strategy has also been developed to reach enrollment and utilization objectives. The strategy includes using broadcast advertising, press releases, presentations, brochures, and transmitting other information on the new benefits to key decision makers at all eligible accounts. The strategy includes a special training program for sales representatives. Marketing began in June, 1981.

At BCNNY, special attention will be focused on examining provider qualification issues. For the period of the demonstration project, the Plan will not require JCAH accreditation for alcoholism and drug abuse treatment providers, but will rely on state licensure and Plan standards.

Benefits Being Offered

The benefits being offered by the three Plans are summarized below.

Blue Cross of Northeastern New York, Inc.

- 2 benefit periods. (Benefit period means a period of 12 consecutive months that begins the first day a member receives treatment after the effective date of coverage.)
- Inpatient coverage up to 30 days.
- Residential/outpatient coverage up to 120 days.
- No dollar maximum.

Blue Cross and Blue Shield of Alabama

- o 2 benefit periods with a maximum dollar limit of $5,000 per benefit period.
- o Inpatient coverage up to 30 days.
- o Residental/outpatient coverage up to 120 days.
- o 4 to 1 tradeoff between inpatient and residential/ outpatient.
- o $1,000 lifetime reserve for outpatient care.

Blue Cross of Greater Philadelphia

- o 2 benefit periods with 135 units (days/visits) of coverage per benefit period.
- o Inpatient coverage up to 30 days (60 units).
- o Residential/outpatient coverage up to 135 days/visits. (1 unit = 1 day/visit).
- o No dollar maximum.

Expanded Advisory Committee Meets

With the expansion of the project, the Drug Abuse Benefit Study Advisory Committee (DABSAC) became the Alcohol and Drug Abuse Treatment Benefit Study Advisory Committee (ADABSAC), and several new members were added. A meeting of the ADABSAC was held on May 14 and 15 in Washington, D.C. During the two day meeting, project staff from each of the demonstration site Plans presented status reports and the Advisory Committee discussed issues related to the major topics of marketing, provider relations and utilization promotion. Three issues received particular attention by the Committee members: marketing alcoholism and drug abuse benefits, the requirement of JCAH accreditation as a provider standard, and plans for year three of the project.

To enhance the marketing effort, special training sessions for marketing representatives have been held. The Plans have also taken other steps to promote sales of the benefit. For example, the Philadelphia Plan will distribute the initial rate for the benefit (60¢/individual and $1.70/family per month) over 2 years. Thus, an account will be charged monthly, only 30¢/individual and 85¢/family each year. Thereafter the account will be charged based on claims experience.

A second level of benefits with a reduced rate was also developed based on requests from several potential purchasers of the benefit. The scaled down benefit covers approximately half as much treatment as the full benefit. The rate for the modified benefit program is 40¢/individual and $1.15 per family, to be charged at 20¢ and 58¢, respectively, for the first two years. The rates set for the Alabama Plan are 35¢ per individual and $1.00 per family.

It was agreed that there is a need to study the use of JCAH accreditation and state licensure as provider criteria further. BCA is collecting information and revicwing this issue on a continuous basis. A recommendation will be made in BCA's final report.

During the discussion of plans for the third year of the project, project staff noted that marketing and promoting utilization will continue to be the Plans' primary activities.

The Association will collect cost and utilization data (see below), and will develop a plan for national implementation of alcoholism and drug abuse benefits. This plan will discuss the ways in which the conclusions and recommendations of the project can have maximum impact. Also during the next year the demonstration site Plans will prepare case studies describing their experience with alcohol and drug abuse treatment benefits.

Plan for Data Collection

The availability of accurate cost and utilization data is essential to the continued growth of alcoholism and drug abuse treatment benefits. To supplement the demonstration site Plans efforts, the Blue Cross Association has prepared a comprehensive plan for utilization data. During the coming months project staff will be contacting many Blue Cross and Blue Shield Plans, major industries and EAPs, and organizations in the treatment field to collect information on treatment norms, utilization patterns, and treatment costs. At the end of the project this data will be combined with data collected by the demonstration site Plans as a basis for the project's conclusions and recommendations. If you have data on the cost and utilization of alcoholism and drug abuse benefits we would appreciate your experience. Please contact Dave Strachan, Project Director, at the address given on page 6.

BCGP Sponsors Seminar: Alcoholism and Drug Abuse in the Workplace

Blue Cross of Greater Philadelphia (BCGP) held a marketing seminar on April 1, entitled Alcoholism and Drug Abuse in the Workplace. The seminar was attended by approximately 30 representatives from 23 accounts, as well as Plan marketing personnel.

Project Coordinator, Leonard Davis, served as moderator. The seminar began with a word of welcome by Jack McMeekin, BCGP Senior Vice President, and ended with a presentation by Ted Franchetti, Senior Director of Marketing. The agenda included presentations by several guest speakers from the treatment field and industry. Their presentations addressed the diseases and their treatment, and various aspects of alcoholism and drug abuse at the worksite. A panel discussion of all speakers was held to answer questions from the audience.

BCBSA's Utilization Promotion Activities

The Blue Cross and Blue Shield of Alabama (BCBSA) has begun developing an in-house employee assistance program (EAP) for its own employees. Larry Nolen, the Project Specialist, has been working with the Personnel Director on drafting a policy statement and referral procedures. In June, the Plan's executive staff approved the use of a Plan consultant to develop the training curriculum, train supervisors, and coordinate the EAP. The Plan's internal publications will be used extensively to promote the EAP to employees.

On February 19, Mr. Nolen made a presentation about the new benefit at the North Alabama Conference held in Huntsville. The Conference, entitled "The Employee Assistance Program - Cost Effective Answer", was sponsored by Alabama's ALMACA chapter, the Health Service Committee of the Decatur Chamber of Commerce and Retreat Hospital. A luncheon address was made by the Honorable Wilbur Mills. Participants included treatment providers from the area, representatives of business and labor from many parts of the State, and BCBSA marketing representatives responsible for accounts in the Huntsville area.

To promote utilization, Larry Nolen has had discussions about the EAP concept with several accounts which have purchased alcoholism and drug abuse coverage. Arrangement for more detailed presentations are being made via the marketing representative. On March 24, Mr. Nolen made a formal presentation to a Board of Education which purchased the benefit. The Personnel Director of the Board indicated a strong interest in setting up an EAP by the beginning of the new school year in September. The Plan's Project Specialist will continue to provide support and technical assistance.

Other Activities

In addition to the on-going project activities, the Plans have participated in seminars and other activities which serve to support the project.

In Philadelphia, Len Davis (Project Coordinator) addressed the industrial Social Services Council about the benefit. The group is composed of social workers that generally work as EAP coordinators in industry. Rebecca Aggrey (Project Specialist) was interviewed by a local affiliate of ABC-TV for a tape shown on an evening news telecast. She also spoke to a reporter for an article which appeared in the Philadelphia Inquirer. In the interviews, Ms. Aggrey discussed the benefit, alcohol and drug abuse treatment and employee assistance programming.

In Alabama, Larry Nolen attended the 5th Annual Business and Industry Seminar entitled "A Cost Effective Approach to Health Management". It was sponsored by Brookwood Lodge in coordination with Brookwood Medical Center in Birmingham. The group attending the seminar was composed mainly of representatives from business and industry. William Mandy, President of BCBSA spoke about the role of third party payors in health management. The "Brookwood Lodge Quarterly Newsletter for Business and Industry" also contained a full page article on the new BCBSA benefit, following an interview with Mr. Nolen. The newsletter is distributed throughout the southeastern United States.

After a BCBSA press release in early January, Mr. Nolen was interviewed about the benefit for evening news telecasts shown in Birmingham and Huntsville. He also provided information to a reporter from the Birmingham Post-Herald, who wrote an article for the business section on alcoholism in the workplace and the value of employee assistance programs.

In Albany, Jim Gaw (Project Coordinator) became a member of the Board of Directors of Schoharie Family and Community Services, parent organization of Schoharie Substance Abuse Services. Mr. Gaw and Pat Jarvis attended the Fourth Annual New York State Substance Abuse Conference,

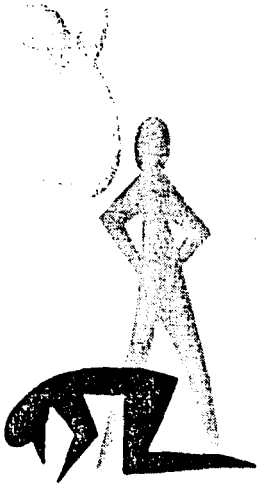
March 27-27, 1981. The Plan and the Blue Cross Association jointly presented a workshop for participants.

Blue Cross of Northwestern New York has also been invited to serve on an alcoholism panel at a forum of the Lake George-Lake Champlain sub-area council of the local Health Systems Agency. In addition, the Albany Plan will also provide assistance to New York State agencies on confidentiality issues and on proposed state standards for programs.

Project Contact

If you have suggestions or comments about the project, or would like additional information about the Alcohol and Drug Abuse Treatment Benefit Project, contact Project Director, Dave Strachan. Please call 312/440-5824, or write to him at:

Blue Cross and Blue Shield Associations
Program Development - 11th Floor
676 N. St. Clair
Chicago, IL 60611



Rimrock Foundation®

P.O. Box 30374 Billings, Montana 59107 (406) 248-3175

March 8, 1983

TESTIMONY BEFORE: HOUSE HUMAN SERVICES COMMITTEE

By

David W. Cunningham, M.H.A.
Executive Director

SB107
HEALTH INSURANCE COVERAGE FOR ALCOHOLISM

The bill you are considering today has been implemented in most states throughout the Mid-West, Rocky Mountain and West Coast.

Far-sighted Montana Legislators implemented it four years ago. We are this session, seeking to clarify the intent and the definitions of eligible providers so that Montanans who buy alcohol and drug dependence coverage can be assured of benefits when they seek treatment at licensed centers close to their home community. Several carriers have used the vague definitions in the old law to disallow benefits to consumers unless they seek their treatment in an acute care hospital setting. There are only three hospitals in Montana providing alcohol/drug treatment programs -- all other treatment programs are private free-standing centers.

The National Blue Cross Association has been engaged since 1976 in a series of projects to expand alcoholism and drug abuse treatment benefits. Their national research on cost and utilization data indicate the premium range for coverage is 30¢/individual and 85¢/family each year. The highest rate for family coverage is ~~$100~~ $1.00 in Alabama. This national

still has additional opportunity for treatment. They can return to the hospital or treatment center for $1,200 of additional coverage until they hit a maximum of $2,400. That's it! If they can't get their problem under control after expending $2,400 of our group insurance money, we feel, they should do it on their own. S. B. 107 has no such limits. An alcoholic can beat the plan to death every year without ever having to assume the responsibility for his or her own actions. We strongly disagree with this concept! I might add that the persons providing the treatment also have an inexhaustible source of income -- continual treatment and continual insurance reimbursement. This bill is designed to encourage abuse.

6) We believe that it is unnecessary and unwise to mandate insurance coverage for mental illness, alcoholism, and drug addiction under the same benefit umbrella. While all of the above ailments or conditions are unfortuante, we feel that drug addiction is not a creeping illness such as alcoholism, but is self-inflicted. Often times in direct violation of our laws. Our committee does not favor providing continual and unlimited treatment to some cocaine sniffer with our employee's insurance premiums. There must be limits.

7) Mental illness has been taken care of fairly well in most contracts. We would prefer that the bill allow for a 50% coinsurance rates on an inpatient basis and outpatient basis -- not the same rate as for Other physical illness.

Our preference is a do not pass as we are against mandated coverage.

As a minimum, we would ask that the bill exclude mental health and drug addiction coverage and deal only with alcoholism. It should be amended to allow for 24 month limits and lifetime limitations on the coverage on both an inpatient basis and an outpatient basis. We feel that these types of limits are imperative if we are ever to slow the staggering growth in health care costs.

JHN/llt

March 8, 1983

House Human Services Committee Members
Capitol Station
Helena, Montana 59601

Dear Committee Members:

A bill, SB 107, to provide insurance benefits for the care and treatment of mental illness, alcoholism, and drug addiction has been proposed. I strongly urge you to recommend passage of this bill.

In January, St. Patrick Hospital opened its inpatient Alcohol Treatment Center. We are acutely aware of the need for care and treatment of the chemically dependent patient. Statistics demonstrating the severity of this dibilitating illness are not new. The Monthly Vital Statistics Report for September 1981 from the National Center for Health Statistics indicates that alcoholism ranks third among causes of illness and disability in the United States. Statistics indicating alcohol-related deaths, automobile accidents and child abuse are overwhelming.

Alcoholism is recognized as an illness, but we are guilty of not treating the alcoholic with the care and concern we traditionally bestow upon patients with other illnesses. To not require the same kind of insurance benefits as those required for other patients in unconscionable. This bill, SB 107, provides you with an opportunity to demonstrate that which we all too frequently only say we believe--alcoholism is an illness.

Although I support the bill as a whole, I must take issue with one phrase which I believe should be deleted. An ammendment on page 3, line 3 of the bill reads, "including charges by a licensed social worker affiliated with the treatment center". At the St. Patrick Hospital Alcohol Treatment Center we have many professionals who contribute to the care of our patients. Our staff includes not only social workers, but nurses, psychologists, therapists and counselors. One category of health care professional should not be singled out in this bill. Additionally, Montana currently does not have a system for licensing social workers. A bill is proposed for establishing a licensing system--a bill I strongly oppose.

Although my comments have been relative to alcohol treatment, the treatment of mental illness requires the same consideration. Again, I urge you to recommend approval of this bill deleting the phrase pertaining to social workers. Should you have any questions regarding SB 107, please feel free to call me.

Sincerely,

Lawrence L. White, Jr.
Administrator

LLW/lj

TESTIMONY OF GLEN L. DRAKE
in behalf of
The Health Insurance Association of America

SENATE BILL 107

The Association opposes SB 107. SB 107 mandates that all group policies include coverage for treatment of mental illness, alcohol, and drug addiction.

The Association believes that mandated coverages are not in the best interest of the consumer or the public in general.

If this bill is passed and becomes law, costs of basic health group insurance is going to go up. A Department of Administration representative testified at the Senate hearing that the bill would increase the state plan from $60 to $80 per year.

At the Senate hearing, testimony was given to the effect that employee groups that contribute to premium cost could not afford more added costs. Thus, it is expected some group policies will be dropped if this bill is adopted and becomes law.

The bill deletes the requirement now in the law that this coverage be "offered" in all cases--be it group or individual policies. Thus, no longer will insurance companies be required to offer this coverage in individual policies.

The law, as it is, is the way it should be. Insurance companies should be required to offer the coverage but the public should be allowed to pick and choose.

The consuming public should be allowed to choose the type of policy and coverage that the particular group or person desires.

This bill is an infringement of the rights of every working or non-working person in the state.

EX 9
SB 107

WITNESS STATEMENT

Name Glen Ladwig Committee On Human Serv.

Address Helena Date 3/9

Representing Health Dev. Ass'n of Amer. Support

Bill No. SB-107 Oppose ✓

Amend

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1. (1) Bill makes mandatory alcohol + drug treatm
2. It takes away the right of choice that now exists.
3. (2) It will add to the cost of all
4. group insurance policys without consideration of the consumer.

(3) at the Senate hearing testimony wa
given by the department of administrat
that the cost to state employee
would increase from $60.00 to $80.00 fo
year, all other consumers will be affe
equally.

. Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

MINUTES OF THE MEETING OF THE HUMAN SERVICES COMMITTEE
March 14, 1983

The meeting of the Human Services Committee held on Monday, March 14, 12:30 p.m. in Room 224A of the Capitol Building was called to order by Chairman Marjorie Hart. All members were present except Rep. Seifert, who was absent.

SENATE BILL 395

SEN. SMITH, sponsor. This bill would authorize the Departments of Social and Rehabilitation Services and Institutions to certify persons serving developmentally disabled persons in a professional capacity. The bill requires the departments to adopt rules concerning the certification. He said this bill doesn't change any existing law. It allows the SRS to adopt rules to qualify a professional who will then be the one who approves the one who is disabled who is placed in that institution. SENATE BILL 395 also has a companion bill, SENATE BILL 214. SENATE BILL 395 is the one that points out some of the things they want to do with SRS. SENATE BILL 214 is the Institutions bill and the reason they need the second bill is that if someone asks to have a person come out of the institution and go into a group home, it is then handled by SRS. They want to be able to adopt rules between the two functions of state government--SRS and Institutions.

PROPONENTS:

JUDITH CARLSON, Deputy Director, Department of Social and Rehabilitation Services, stated this bill will allow the Department of SRS to officially adopt rules to carry out a section of the law that is already in the law. She urged support of the bill (EXHIBIT 1).

CURT CHISHOLM, Deputy Director, Department of Institutions, said they also support this legislation. The companion bill deals with the Department of Institution's role in certifying mental health professionals. MRS. CARLSON is concerned with certification of developmentally disabled professionals. It is this person who is certified rather than an M.D., who is automatically certified in both cases. They must be certified to make the Developmentally Disabled Act or the Mental Health Act work. They have to testify in court. He urged consideration and passage of this legislation.

OPPONENTS: None

SENATE BILL 107

SEN. BLAYLOCK, sponsor. This bill would provide for basic levels of benefits under disability insurance policies and contracts for the care and treatment of mental illness, alcoholism, and drug addiction.

REP. MENAHAN: I talked to a number of individuals from difference insurance trusts regarding the provision of $2,000 and $4,000 and if we go over that, the trusts won't have enough money.

REP. FABREGA: Proposed some amendments (EXHIBIT 4). I am proposing $4,000 for a 24-month period and that would be the same as $2,000 per year. $4,000 over a 24-month period would be more realistic because 28 days is about the minimum standard and that would run over $2,000. At the same time, the $4,000 limitation is to say that they don't go to a $250/day program.

REP. FABREGA: Moved that the amendments he proposed be accepted.

REP. MENAHAN: I know of one instance where an individual went for a 14-day program and the cost was $6,000. In these negotiated trusts between management and labor, they have a $2,000 and a $4,000 lifetime. If you double it, that will break those and then they will get nothing. What is better--to have labor have $2,000 and $4,000 or go over it.
REP. DRISCOLL: Ours is $2,000 and $4,000. You can go as many times as you want. You just can't spend over a certain amount in your lifetime. Drug addiction and alcohol has a limit on it. Ours will not pay for forced admission. They will pay for detoxification. If a person is self-admitted, then they will pay up to the maximum. I feel if you force people to take alcohol treatments, it doesn't work.

REP. FARRIS: I wanted to speak in favor of the amendments. What this bill adresses is people who want to go to treatment. It is a way to eliminate one of the major excuses of "I can't afford it." Even if this amount is limited, it still is a basic down payment on the treatment. When the treatment center has such a large sum--if there is still more money necessary (they have gotten half or more of the payment from the insurance companies), they will negotiate with the family. Most insurance companies

pay 80% any way. It is a way to get people to treatment who can't afford it. The amendments are a start.

REP. DRISCOLL: Gave an example: Expenses exceed income by $500,000, but our trust does not recognize assigned benefits unless that person signs a line on the form. What happened to one of our members being an alcoholic and knowing there was $2,000 there, he really got drunk and then it was forced. I have a lot of trouble with a lot of my friends who are admitted into those places. They end up with Alcoholics Anonymous.
REP. CONNELLY: The Burlington Northern Railroad has a program and the company funds it and it is paid entirely by the company.
REP. FABREGA: Would the provisions under this part apply to all group policies of accident and health insurance and groups subscribing to contracts offered in Montana?
REP. DRISCOLL: I don't know if we are covered or not.
REP. FABREGA: You are self-insured to a point and then what you are really buying is exposure insurance.
REP. DRISCOLL: Our benefits are scheduled.
REP. FABREGA: So you are not really offering it for sale to the public. It is a self-funded organization and then when you exceed $500,000 in losses, then you have a risk insurance to your fund rather than a specific health insurance.

REP. SWIFT: I want to go on record as supporting the amendments. This takes care of the main concern that was voiced at the hearing.

REP. SOLBERG: Are the amendments going to eliminate a lot of the opponents' testimony. Anybody that had a free-standing facility was testifying for it and anybody that was going to do any paying said it was going to increase the cost something terrible. Who is right?
REP. FABREGA: I have checked with the representatives of Blue Cross and Blue Shield and they feel that the proposed levels are a manageable situation.

REP. SWIFT: One of the people that testified is here and I would like to ask his opinion.
JACK HASTY, SUNRISE RANCH: We are most concerned that there be amendments within 24-month limit and lifetime maximum. The ones we proposed I did after conversing with insurance agents that are providing treatment

for alcoholics. Our limits right now are $1,200 and $2,400. My concern is that we get a limit in here. We feel the ones we proposed provide for first class treatment.

CHAIRMAN HART: Can you give me a figure for one year's premium for one person. What is it now and what would a program like this increase to.
JACK HASTY, SUNRISE RANCH: It is now $135 per month per family and it may increase $5 per month.
REP. DOZIER: Those are dollar limits and not percentage limits. This isn't going to be first class treatment very long.
REP. FARRIS: In terms of limits, a 35-day program two years ago cost $4,100. So we are not being out of line or overly generous.
REP. MENAHAN: What does it cost at your place?
JACK HASTY, SUNRISE RANCH: $1,880 for a 28-day period.
REP. FABREGA: What is the cost at Billings Hospital for a 28-day program.
REP. WINSLOW: I don't know.
REP. FABREGA: It costs $71 per day at Hilltop.

The motion to accept REP. FABREGA'S amendments was voted and the motion PASSED with REP. BRAND voting no.

REP. WINSLOW: I would like to propose another amendment.

Page 3, lines 3 and 4.
Strike: "INCLUDING CHARGES BY A LICENSED SOCIAL WORKER AFFILIATED WITH THE TREATMENT CENTER"

REP. MENAHAN: I don't like to see this bill tied up with psychiatrists and psychologists. It has proven in other systems it doesn't work.
REP. DRISCOLL: If REP. WINSLOW'S bill doesn't pass, then these two lines don't mean anything any way.
REP. WINSLOW: It will complicate the passage of the bill if it stays in here.
REP. DRISCOLL: I believe that was a Senate amendment to the bill that was introduced.
REP. WINSLOW: It would add more reimbursement to the mental health centers.

REP. FABREGA: A mental health center can bill third party payments but not for the psychologists or psychiatrists in the name of the center. The center would have to be authorized for license in order to receive third party payment rather than individual certification.
REP. BRAND: Did the Senate strike "social worker" out of 5 and 6 where it says "reasonable charges for service rendered." What was their reasoning when they struck "social worker for the charges."
REP. WINSLOW: I don't know.

REP. FABREGA: Unless the social worker was attached to a center, they could not do it independently. It was to eliminate the freelancers.

The motion was voted to accept REP. WINSLOW'S amendment and it PASSED UNANIMOUSLY.

REP. CONNELLY: Moved SENATE BILL 107 BE CONCURRED IN AS AMENDED.

The motion PASSED UNANIMOUSLY.

The meeting adjourned at 2:00 p.m.

Marjorie Hart
CHAIRMAN MARJORIE HART

Jeri Brunett
Secretary

Proposed Amendments to SB 107

1. page 4, line 23

Following: "subsections"
Insert: "(1)(b),"

2. page 4, line 24

Following: line 23
Strike: "and"
Insert: ","
Following: "(2)(b)"
Insert: ", and (2)(d)"

3. page 5, line 5

Following: "that"
Insert: ":
(a)"

4. page 5, line 8

Following: line 7
Insert: "(b) the aggregate maximum benefit for alcoholism and drug addiction of inpatient expenses under basic inpatient policies and contracts plus inpatient and outpatient expenses under major medical policies and contracts may be limited to no less than:
(i) $4,000 in any 24 month period; and
(ii) $8,000 in lifetime benefits."

5. page 6, line 3

Strike: ", alcoholism, and drug addiction"

6. page 6, line 6

Strike: "."
Insert: ";"

7. page 6, line 7

Following: Line 6
Insert: "(d) the aggregate maximum benefit for alocholism and drug addicition of inpatient expenses under basic inpatient policies and contracts plus inpatient and outpatient expenses under major medical policies and contracts may be limited to no less than:
(i) $4,000 in any 24 month period; and
(ii) $8,000 in lifetime benefits."

STANDING COMMITTEE REPORT

March 14, 19 83

SENATE BILL 107
Page 1 of 2

MR. SPEAKER

We, your committee on HUMAN SERVICES

having had under consideration SENATE Bill No. 107

third reading copy (blue Color)

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR BASIC LEVELS OF BENEFITS UNDER DISABILITY INSURANCE POLICIES AND CONTRACTS FOR THE CARE AND TREATMENT OF MENTAL ILLNESS, ALCOHOLISM, AND DRUG ADDICTION; AMENDING SECTIONS 33-22-701 THROUGH 33-22-704, MCA."

Respectfully report as follows: That SENATE Bill No. 107

BE AMENDED AS FOLLOWS:

1. Page 3, lines 3 and 4.
Strike: "INCLUDING CHARGES BY A LICENSED SOCIAL WORKER AFFILIATED WITH THE TREATMENT CENTER"

2. Page 4, line 23.
Following: "subsections"
Insert: "(1)(b),"

3. Page 4, line 24.
Following: line 23
Strike: "and"
Insert: ","
Following: "(2)(b)"
Insert: ", and (2)(d)"

[redacted]

DO PASS

4. Page 5, line 5.
Following: "that"
Insert: ":
(a)"

5. Page 5, line 8.
Following: line 7
Insert: "(b) the aggregate maximum benefit for alcoholism and drug addiction of inpatient expenses under basic inpatient policies and contracts plus inpatient and outpatient expenses under major medical policies and contracts may be limited to no less than:
(i) $4,000 in any 24 month period; and
(ii) $8,000 in lifetime benefits."

6. Page 6, line 3.
Strike: ", alcoholism, and drug addiction"

7. Page 6, line 6.
Strike: "."
Insert: ";"

8. Page 6, line 7.
Following: line 6
Insert: "(d) the aggregate maximum benefit for alcoholism and drug addiction of inpatient expenses under basic inpatient policies and contracts plus inpatient and outpatient expenses under major medical policies and contracts may be limited to no less than:
(i) $4,000 in any 24 month period; and
(ii) $8,000 in lifetime benefits."

AND AS AMENDED
BE CONCURRED IN

MARJORIE HAMM, Chairman

SENATE BILL NO. 107

INTRODUCED BY BLAYLOCK, SCHYE, MCBRIDE, BACHINI, PECK, HARPER, IVERSON, HAZELBAKER, FULLER, J. JACOBSON, OCHSNER, LYNCH, LANE

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR BASIC LEVELS OF BENEFITS UNDER DISABILITY INSURANCE POLICIES AND CONTRACTS FOR THE CARE AND TREATMENT OF MENTAL ILLNESS, ALCOHOLISM, AND DRUG ADDICTION; AMENDING SECTIONS 33-22-701 THROUGH 33-22-704, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 33-22-701, MCA, is amended to read:

"33-22-701. Purpose Scope of part -- purpose. The ~~purpose of this part is to encourage consumers to avail themselves of basic levels of benefits under health insurance policies and contracts~~ provisions of this part apply to all GROUP policies of accident and health insurance and GROUP subscriber contracts offered in Montana by insurers and health service corporations for the care and treatment of mental illness, alcoholism, and drug addiction. ~~and~~ It is the purpose of this part to preserve the rights of the consumer to ~~select~~ have such coverage according to his medical and economic needs."

Section 2. Section 33-22-702, MCA, is amended to read:

"33-22-702. Definitions. For purposes of this part, the following definitions apply:

(1) "Inpatient hospital benefits" means benefits payable for charges made by a hospital OR FREESTANDING INPATIENT FACILITY, as defined in the policy or contract, for the necessary care and treatment of mental illness, alcoholism, or drug addiction furnished to a covered person while confined as ~~a hospital~~ AN inpatient and, with respect to major medical policies or contracts, also includes those benefits payable for charges made by a physician, as defined in the policy or contract, for the necessary care and treatment of mental illness, alcoholism, or drug addiction furnished to a covered person while confined as a hospital inpatient.

(2) "Outpatient benefits" means benefits payable for:

(a) reasonable charges made by a hospital for the necessary care and treatment of mental illness, alcoholism, or drug addiction furnished to a covered person while not confined as a hospital inpatient;

(b) reasonable charges for services rendered or prescribed by a physician for the necessary care and treatment for mental illness, alcoholism, or drug addiction furnished to a covered person while not confined as a hospital inpatient; ~~and~~

(c) reasonable charges made by a mental health,

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alcoholism, or drug addiction treatment center for the necessary care and treatment of a covered person provided in the treatment center~~, INCLUDING CHARGES BY A LICENSED SOCIAL WORKER AFFILIATED WITH THE TREATMENT CENTER;~~ and

~~(d) reasonable charges for services rendered by a licensed psychiatrist~~ OR psychologist~~ or social worker~~.

(3) "Alcoholism treatment center" and "drug addiction treatment center" mean a treatment facility which provides a program for the treatment of alcoholism or drug addiction pursuant to a written treatment plan approved and monitored by a ~~physician~~ PHYSICIAN OR chemical ~~dependence~~ DEPENDENCY counselor ~~certified by the state~~, and which facility is also:

(a) affiliated with a hospital under a contractual agreement with an established system for patient referral; or

(b) licensed~~, certified~~, or approved as an alcoholism or drug addiction treatment center by the ALCOHOL AUTHORITY OF THE state.

(4) "Mental health treatment center" means a treatment facility organized to provide care and treatment for mental illness through multiple modalities or techniques pursuant to a written treatment plan approved and monitored by an interdisciplinary team, including a licensed physician, psychiatric social worker, and psychologist, and which

facility is also:

(a) licensed as a mental health treatment center by the state;

(b) funded or eligible for funding under federal or state law; or

(c) affiliated with a hospital under a contractual agreement with an established system for patient referral.

(5) "Mental illness" means neurosis, psychoneurosis, psychopathy, psychosis, or personality disorder."

Section 3. Section 33-22-703, MCA, is amended to read:

"33-22-703. ~~Availability of coverage~~ Coverage for mental illness, alcoholism, and drug addiction. Insurers and health service corporations transacting group ~~or individual~~ health insurance or group ~~or individual~~ health plans in this state ~~must make available~~ shall provide, under hospital and medical expenses incurred insurance GROUP policies and under hospital and medical service plan GROUP contracts, the level of benefits specified in this section for the necessary care and treatment of mental illness, alcoholism, and drug addiction subject to the right of the applicant ~~for a group or individual policy or contract to reject the coverage or~~ to select any alternative level of benefits above the minimum level of benefits described in subsections (1)(a), (2)(a), and (2)(b), AND (2)(D) as may be offered by the insurer or service plan corporation~~s~~:

(1) ~~Under~~ under basic ~~hospital~~ INPATIENT expense policies or contracts, inpatient hospital benefits consisting of durational limits, dollar limits, deductibles, and coinsurance factors that are not less favorable than for physical illness generally, except that:

(A) benefits may be limited to not less than 30 calendar days per year as defined in the policy or contract~~.~~;

~~(B) THE AGGREGATE MAXIMUM BENEFIT FOR ALCOHOLISM AND DRUG ADDICTION OF INPATIENT EXPENSES UNDER BASIC INPATIENT POLICIES AND CONTRACTS PLUS INPATIENT AND OUTPATIENT EXPENSES UNDER MAJOR MEDICAL POLICIES AND CONTRACTS MAY BE LIMITED TO NO LESS THAN:~~

~~(i) $4,000 IN ANY 24-MONTH PERIOD; AND~~

~~(ii) $8,000 IN LIFETIME BENEFITS;~~

(B) THE AGGREGATE MAXIMUM BENEFIT FOR ALCOHOLISM AND DRUG ADDICTION OF INPATIENT EXPENSES UNDER BASIC INPATIENT POLICIES AND CONTRACTS PLUS INPATIENT EXPENSES UNDER MAJOR MEDICAL POLICIES AND CONTRACTS MAY BE LIMITED TO NO LESS THAN:

(i) $4,000 IN ANY 24-MONTH PERIOD; AND

(ii) $8,000 IN LIFETIME BENEFITS;

(2) ~~Under~~ under major medical policies or contracts, inpatient ~~hospital~~ benefits and outpatient benefits consisting of durational limits, dollar limits, deductibles,

and coinsurance factors that are not less favorable than for physical illness generally, except that:

(a) inpatient ~~hospital~~ benefits may be limited to no less than 30 calendar days per year as defined in the policy or contract. If inpatient ~~hospital~~ benefits are provided beyond 30 calendar days per year, the durational limits, dollar limits, deductibles, and coinsurance factors applicable thereto need not be the same as applicable to physical illness generally.

(b) for outpatient benefits, the coinsurance factor may not exceed ~~50%~~ 20% 50% or the coinsurance factor applicable for physical illness generally, whichever is greater, and the maximum benefit for mental illness, alcoholism, and drug addiction in the aggregate during any applicable benefit period may be limited to not less than ~~$1,000~~ $1,500 $1,000;

(c) maximum lifetime benefits ~~may~~ shall, for mental illness, ~~alcoholism, and drug addiction~~ in the aggregate, be no less than those applicable to physical illness generally ~~an amount equal to the lesser of $10,000 or 25% of the lifetime policy limit~~;

~~(B) THE AGGREGATE MAXIMUM BENEFIT FOR ALCOHOLISM AND DRUG ADDICTION OF INPATIENT EXPENSES UNDER BASIC INPATIENT POLICIES AND CONTRACTS PLUS INPATIENT AND OUTPATIENT EXPENSES UNDER MAJOR MEDICAL POLICIES AND CONTRACTS MAY BE~~

~~LIMITED TO NO LESS THAN:~~

~~(i) $4,000 IN ANY 24-MONTH PERIOD; AND~~

~~(ii) $8,000 IN LIFETIME BENEFITS.~~

(D) THE AGGREGATE MAXIMUM BENEFIT FOR ALCOHOLISM AND DRUG ADDICTION OF INPATIENT EXPENSES UNDER BASIC INPATIENT POLICIES AND CONTRACTS PLUS INPATIENT EXPENSES UNDER MAJOR MEDICAL POLICIES AND CONTRACTS MAY BE LIMITED TO NO LESS THAN:

(I) $4,000 IN ANY 24-MONTH PERIOD; AND

(II) $8,000 IN LIFETIME BENEFITS."

Section 4. Section 33-22-704, MCA, is amended to read:

"33-22-704. Applicability. (1) Except as provided in ~~subsection~~ subsections (2) and (3), this part applies to policies or contracts delivered or issued for delivery in this state more than 120 days after July 1, 1979, but does not apply to blanket, short term travel, accident only, limited or specified disease, individual conversion policies or contracts, or to policies or contracts designed for issuance to persons eligible for coverage under Title XVIII of the Social Security Act, known as medicare, or any other similar coverage under state or federal governmental plans.

(2) With respect to mental illness, this part applies to policies or contracts delivered or issued for delivery in this state after January 29, 1982.

(3) [This act] applies to policies or contracts

delivered or issued for delivery in this state after December 31, ~~1984~~ 1983, but does not apply to blanket, short-term travel, accident only, limited or specified disease, or policies or contracts designed for issuance to persons eligible for coverage under Title XVIII of the Social Security Act, known as medicare, or any other similar coverage under state or federal governmental plans."

-End-